

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2011

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

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BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough Commission
Borough of Monmouth Beach
County of Monmouth
Monmouth Beach, New Jersey

We have audited the accompanying regulatory basis financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2011 and 2010, and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 7.36% and 6.70% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund, as of December 31, 2011 and 2010, respectively.

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In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, and changes in its financial position for the years then ended. In addition, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the various funds of the Borough as of December 31, 2011 and 2010, the regulatory basis results of operations and changes in fund balance of such funds for the years then ended, and the regulatory basis statement of revenues and the regulatory basis statement of expenditures for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
September 21, 2012

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

To the Honorable Mayor and
Members of the Borough Commission
Borough of Monmouth Beach
County of Monmouth
Monmouth Beach, New Jersey

We have audited the regulatory basis financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated September 21, 2012, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program to be audited. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to the Borough in a separate letter dated September 21, 2012.

This report is intended solely for the information and use of the Borough's management, the Commissioners, others within the Borough and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not intended to be and should not be used by anyone other than these specified parties.



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
September 21, 2012

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$4,708,997	\$4,374,490
Cash - Change Funds		500	500
Due from State of New Jersey (P.L. 1971, Ch. 20)		250	
		<u>4,709,747</u>	<u>4,374,990</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	239,765	208,008
Tax Title Liens Receivable	A-7	20,961	18,150
Property Acquired for Taxes - Assessed Valuation		60,750	60,750
Revenue Accounts Receivable	A-8	6,206	5,569
Due from Federal and State Grant Fund		6,082	8,500
	A	<u>333,764</u>	<u>300,977</u>
		<u>5,043,511</u>	<u>4,675,967</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	<u>588,669</u>	<u>338,669</u>
		<u>\$5,632,180</u>	<u>\$5,014,636</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3:A-9	\$372,762	\$320,542
Accounts Payable	A-12	21,987	17,322
Local School District Tax Payable	A-10	1,270,193	1,270,169
Prepaid Taxes		141,668	141,503
Tax Overpayments		23,013	25,942
Due State - Marriage Licenses		250	275
Due to State of New Jersey (P.L. 1971, Ch. 20)			250
Regional High School Tax Payable	A-11	1,401,517	1,126,297
Reserve for P.E.O.S.H.A.		2,897	3,037
Due County for Added and Omitted Taxes		19,144	21,206
Reserve for Tax Appeals		31,976	33,216
Reserve for Revaluation		5,622	5,622
Reserve for Outside Liens			1,703
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		10,510	8,750
Reserve for Monmouth Beach Bathing Pavilion Concession			2,500
		<u>3,301,539</u>	<u>2,978,334</u>
Reserves for Receivables and Other Assets	A	333,764	300,977
Fund Balance	A-1	<u>1,408,208</u>	<u>1,396,656</u>
		<u>5,043,511</u>	<u>4,675,967</u>
Federal and State Grant Fund:			
Due to Current Fund		6,082	8,500
Appropriated Reserves	A-14	571,213	318,789
Unappropriated Reserves	A-15	11,374	11,380
		<u>588,669</u>	<u>338,669</u>
		<u>\$5,632,180</u>	<u>\$5,014,636</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	A-2	\$1,040,000	\$1,080,000
Miscellaneous Revenue Anticipated	A-2	1,756,870	1,665,047
Receipts from Delinquent Taxes	A-2	209,415	254,675
Receipts from Current Taxes	A-2	16,039,727	15,453,679
Non-Budget Revenues	A-2	156,688	102,161
Unexpended Balance of Appropriation Reserves	A-9	199,605	149,437
Other Credits to Income:			
Prior Year Payables Canceled	A-12	351	2,366
Cancellation of Appropriated Reserves			952
Interfunds Returned		2,418	128,147
Miscellaneous		36	15
Total Revenue		<u>19,405,110</u>	<u>18,836,479</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,243,650	2,187,700
Other Expenses	A-3	2,190,281	2,137,825
Statutory Expenditures	A-3	556,500	506,340
Budget Appropriations Excluded From "CAPS"	A-3	1,184,414	1,161,629
County Taxes		3,869,082	3,860,900
Local District School Tax	A-10	4,251,318	4,251,265
Regional High School Tax	A-11	4,058,313	3,508,075
Cancellation of Grants Receivable			16,952
Total Expenditures		<u>18,353,558</u>	<u>17,630,686</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue		\$1,051,552	\$1,205,793
Fund Balance January 1	A	1,396,656	1,270,863
		<u>2,448,208</u>	<u>2,476,656</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>1,040,000</u>	<u>1,080,000</u>
Fund Balance December 31	A	<u><u>\$1,408,208</u></u>	<u><u>\$1,396,656</u></u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	A-1	<u>\$1,040,000</u>	<u>\$1,040,000</u>	
Miscellaneous Revenues:				
Alcoholic Beverage Licenses	A-8	800	1,254	\$454
Municipal Court Fines and Costs	A-8	65,000	70,977	5,977
Interest and Costs on Taxes	A-8	45,000	48,855	3,855
Bathing Pavilion	A-8	880,000	1,003,412	123,412
Energy Receipts Tax	A-8	291,039	291,039	
NJ Transportation Trust Fund Authority Act	A-13	250,000	250,000	
Drunk Driving Enforcement Fund	A-13	1,466	1,466	
Clean Communities Program	A-13	7,913	7,913	
Body Armor Replacement Fund	A-13	1,954	1,954	
Reserve for Seawall Debt Service	A-8	80,000	80,000	
	A-1	<u>1,623,172</u>	<u>1,756,870</u>	<u>133,698</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>175,000</u>	<u>209,415</u>	<u>34,415</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-6	<u>4,076,724</u>	<u>4,599,361</u>	<u>522,637</u>
Budget Totals		<u>6,914,896</u>	<u>7,605,646</u>	<u>\$690,750</u>
Non-Budget Revenues	A-2		<u>156,688</u>	
		<u>\$6,914,896</u>	<u>\$7,762,334</u>	
	<u>Ref.</u>	A-3		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$ 16,039,727
Allocated to School and County Taxes		<u>12,178,713</u>
Balance for Support of Municipal Budget Appropriations		3,861,014
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>738,347</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$4,599,361</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-2:A-6	<u><u>\$209,415</u></u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2011

Analysis of Non-Budget Revenues

FEMA Reimbursements	\$33,347
Sewerage Authority Contribution	25,481
Cable TV	18,122
Insurance Refunds	17,915
Insurance Reimbursement for Legal Fees	10,000
Code Enforcement	9,785
Zoning Permits	8,585
Fire Prevention Fees	5,351
Planning Board	4,535
Land Disturbance Permits	4,425
Board of Health Fees	3,925
Verizon Franchise Fees	3,847
Street Opening Permits	2,200
Vital Statistics	1,896
Miscellaneous	1,825
Other State Revenue	1,321
Police Reports and Fees	920
Raffle Licenses	840
Boat Launch Fees	825
Senior Citizens and Veterans Administrative Fee	760
Sale of Assets	553
Tax Search Fees	230
	<u>\$156,688</u>

Ref.

A-1:A-2:A-4

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
GENERAL GOVERNMENT					
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY					
Director's Office:					
Salaries and Wages	\$3,000	\$3,000	\$3,000		
Other Expenses	10,400	10,400	10,166	\$234	
Administrative and Executive:					
Salaries and Wages	98,600	98,600	98,071	529	
Other Expenses	16,200	16,200	13,694	2,506	
Borough Administrator:					
Salaries and Wages	53,000	53,000	52,913	87	
Other Expenses	1,350	1,350	513	837	
Municipal Clerk:					
Salaries and Wages	32,100	32,100	32,017	83	
Other Expenses	22,000	22,000	14,875	7,125	
Public Buildings, Parks and Grounds:					
Salaries and Wages	53,000	53,000	43,467	9,533	
Other Expenses	50,000	45,000	36,268	8,732	
Sand Reclamation					
Other Expenses	15,000	15,000	10,000	5,000	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	\$6,500	\$6,500	\$5,490	\$1,010	
Other Expenses	31,500	21,500	11,319	10,181	
Bathing Pavilion:					
Salaries and Wages	203,000	205,000	204,587	413	
Other Expenses	78,000	78,000	74,143	3,857	
Bathing Pavilion Repairs:					
Salaries and Wages	7,500	7,500	4,927	2,573	
Other Expenses	25,000	20,000	14,449	5,551	
Police:					
Salaries and Wages	1,038,000	1,038,000	1,030,245	7,755	
Other Expenses	36,000	36,000	34,837	1,163	
Maintenance of Police Computer:					
Other Expenses	6,000	6,000	5,935	65	
Lease/Purchase Police Car	25,000	21,400	21,330	70	
Municipal Prosecutor:					
Salaries and Wages	11,500	11,500	10,812	688	
Other Expenses	250	250		250	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Board of Health:					
Salaries and Wages	\$15,800	\$15,800	\$15,701	\$99	
Other Expenses	38,763	29,563	26,492	3,071	
Animal Control Services Expense	8,000	10,000	9,085	915	
Municipal Court:					
Salaries and Wages	70,500	68,500	62,970	5,530	
Other Expenses	10,000	10,000	9,974	26	
Public Defender (P.L. 1997, Chapter 256)					
Salaries and Wages	1,500	1,500	1,500		
Emergency Management Services:					
Salaries and Wages	4,000	4,000	4,000		
Other Expenses	9,000	11,000	10,107	893	
Recreation Commission:					
Salaries and Wages	2,500	2,500	2,217	283	
Other Expenses	9,000	9,000	6,621	2,379	
Shade Tree Commission:					
Other Expenses	5,400	5,400	5,400		
Environmental Commission (R.S. 40:56A-1 et seq.):					
Salaries and Wages	1,500	1,500	1,317	183	
Other Expenses	2,700	2,700	429	2,271	

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Housing Officer:					
Salaries and Wages	\$9,500	\$9,500	\$8,907	\$593	
Other Expenses	500	500		500	
Zoning Officer:					
Salaries and Wages	24,000	24,000	22,506	1,494	
Other Expenses	500	500		500	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY					
Director's Office:					
Salaries and Wages	1,500	1,500	1,500		
Other Expenses	500	650	650		
Fire:					
Other Expenses:					
Fire Hydrant Service	37,000	40,500	37,019	3,481	
Miscellaneous Other Expenses	38,700	38,700	37,659	1,041	
Municipal Services Act (P.L. 1989, Ch. 299)					
Other Expenses	5,000	1,500	1,092	408	
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):					
Salaries and Wages	7,000	7,000	5,448	1,552	
Other Expenses	2,250	2,250		2,250	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY (continued)					
First Aid Organization - Contribution	\$13,500	\$13,500	\$13,500		
Road Repairs and Maintenance:					
Salaries and Wages	350,000	350,000	337,924	\$12,076	
Other Expenses:	37,800	37,800	35,021	2,779	
Garbage and Trash Removal:					
Salaries and Wages	131,000	131,000	129,759	1,241	
Other Expenses	4,500	4,500	1,825	2,675	
Sanitary Landfill:					
Other Expenses	250,000	250,000	162,801	87,199	
Repair to Public Access Beach Stairways					
Other Expenses	2,000	2,000	1,180	820	
Vehicle Maintenance	70,000	90,000	89,130	870	
Senior Citizen's Transportation:					
Salaries and Wages	7,500	7,500	4,072	3,428	
Other Expenses	250	250		250	
Drainage:					
Salaries and Wages	300	300		300	
Other Expenses	10,800	10,800	7,420	3,380	
Street Lighting:					
Other Expenses	60,000	52,500	50,302	2,198	
Engineering Services and Costs:					
Other Expenses	90,000	90,000	83,295	6,705	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office:					
Salaries and Wages	\$1,500	\$1,500	\$1,500		
Financial Administration:					
Salaries and Wages	64,800	64,800	63,672	\$1,128	
Other Expenses	1,125	1,125	424	701	
Auditing Fees	24,000	24,000	23,000	1,000	
Assessment of Taxes:					
Salaries and Wages	28,600	28,650	28,634	16	
Other Expenses	7,500	7,500	6,530	970	
Collection of Taxes:					
Salaries and Wages	15,900	15,900	15,790	110	
Other Expenses	3,500	3,500	1,676	1,824	
Legal Services and Costs:					
Other Expenses:					
Miscellaneous	65,000	72,500	65,813	6,687	
Insurance:					
General Liability	80,000	80,000	61,177	18,823	
Workers Compensation	115,000	115,000	115,000		
Employee Group Health	612,643	612,643	570,209	42,434	
Accumulated Leave Compensation	15,500	15,500	15,500		
Computerized Data Processing	11,700	12,200	11,892	308	
Celebration of Public Event - Community Day	13,000	1,600	1,350	250	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNCLASSIFIED					
Utilities:					
Gasoline	\$35,000	\$47,000	\$42,925	\$4,075	
Fuel Oil	25,000	32,500	28,661	3,839	
Electricity	56,000	56,000	47,376	8,624	
Telephone and Telegraph	30,000	30,000	25,820	4,180	
Natural Gas	30,000	30,000	19,209	10,791	
Water	14,500	14,500	14,163	337	
Sewer	7,500	7,500	3,510	3,990	
Monmouth County Improvement Authority Administrative Expense	1,500	1,500	300	1,200	
Total Operations - Within "CAPS"	4,414,931	4,414,931	4,084,012	330,919	
Contingent	19,000	19,000	10,266	8,734	
Total Operations Including Contingent Within "CAPS"	4,433,931	4,433,931	4,094,278	339,653	
Detail:					
Salaries and Wages	2,243,600	2,243,650	2,192,946	50,704	
Other Expenses (including Contingent)	2,190,331	2,190,281	1,901,332	288,949	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
STATUTORY EXPENDITURES					
Contribution To:					
Public Employees' Retirement System of NJ	\$101,330	\$101,330	\$101,330		
Social Security System (O.A.S.I.)	190,000	190,000	178,148	\$11,852	
Police and Firemen's Retirement System of NJ	258,670	258,670	258,670		
NJ Unemployment Trust Fund	5,000	5,000	5,000		
Defined Contribution Retirement Program	1,500	1,500		1,500	
Total Statutory Expenditures	<u>556,500</u>	<u>556,500</u>	<u>543,148</u>	<u>13,352</u>	
Total General Appropriations for Municipal Purposes - Within "CAPS"	<u>4,990,431</u>	<u>4,990,431</u>	<u>4,637,426</u>	<u>353,005</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35):					
Length of Service Awards Program	16,828	16,828	15,626	1,202	
State Recycling Tax	8,500	8,500	8,500		
Insurance:					
Group Health	37,357	37,357	37,357		
Total Other Operations - Excluded from "CAPS"	<u>117,685</u>	<u>117,685</u>	<u>97,987</u>	<u>19,698</u>	
Interlocal Municipal Services Agreement - County of Monmouth:					
911	4,700	4,700	4,668	32	
Dispatcher Services	34,100	34,100	34,073	27	
Total Interlocal Municipal Service Agreements	<u>38,800</u>	<u>38,800</u>	<u>38,741</u>	<u>59</u>	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Public and Private Programs Offset by Revenues:					
Drunk Driving Enforcement Fund	\$1,466	\$1,466	\$1,466		
Body Armor Replacement Fund	1,954	1,954	1,954		
Clean Communities	7,913	7,913	7,913		
Total Public and Private Programs Offset by Revenues	<u>11,333</u>	<u>11,333</u>	<u>11,333</u>		
Total Operations - Excluded from "CAPS"	<u>167,818</u>	<u>167,818</u>	<u>148,061</u>	<u>\$19,757</u>	
Detail:					
Other Expenses	<u>167,818</u>	<u>167,818</u>	<u>148,061</u>	<u>19,757</u>	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	85,000	85,000	85,000		
Improvements to Computer System	25,000	25,000	25,000		
Improvements to Roads	25,000	25,000	25,000		
Sand Replenishment Program	75,000	75,000	75,000		
Improvements to Bathing Pavilion	200,000	200,000	200,000		
NJ Transportation Trust Fund Authority Act	250,000	250,000	250,000		
Total Capital Improvements - Excluded from "CAPS"	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Anticipation and Capital Notes	\$250,000	\$250,000	\$250,000		
Interest on Notes	65,000	65,000	64,035		\$965
Capital Lease Obligations					
Principal	36,200	36,200	36,200		
Interest	7,100	7,100	6,361		739
Total Municipal Debt Service - Excluded from "CAPS"	<u>358,300</u>	<u>358,300</u>	<u>356,596</u>		<u>1,704</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$1,186,118</u>	<u>\$1,186,118</u>	<u>\$1,164,657</u>	<u>\$19,757</u>	<u>\$1,704</u>
Subtotal General Appropriations	6,176,549	6,176,549	5,802,083	372,762	1,704
Reserve for Uncollected Taxes	<u>738,347</u>	<u>738,347</u>	<u>738,347</u>		
Total General Appropriations	<u><u>\$6,914,896</u></u>	<u><u>\$6,914,896</u></u>	<u><u>\$6,540,430</u></u>	<u><u>\$372,762</u></u>	<u><u>\$1,704</u></u>
	<u>Ref.</u>	A-2	A-1	A:A-1	
	<u>Ref.</u>				
Reserve for Uncollected Taxes		A-2	\$738,347		
Reserve for Grants		A-14	261,333		
Accounts Payable		A-12	21,987		
Cash Disbursements		A-4	<u>5,518,763</u>		
			<u><u>\$6,540,430</u></u>		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Unemployment Fund:			
Cash and Cash Equivalents	B-2	<u>\$14,070</u>	<u>\$9,234</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-2	<u>192</u>	<u>694</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	<u>714,899</u>	<u>590,727</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	B-6	<u>57,952</u>	<u>43,141</u>
		<u><u>\$787,113</u></u>	<u><u>\$643,796</u></u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Unemployment Fund:			
Reserve for Unemployment Expenditures	B-5	<u>\$14,070</u>	<u>\$9,234</u>
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	<u>192</u>	<u>694</u>
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	709,597	585,425
Fund Balance	B-1	<u>5,302</u>	<u>5,302</u>
		<u>714,899</u>	<u>590,727</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	B-7	<u>57,952</u>	<u>43,141</u>
		<u>\$787,113</u>	<u>\$643,796</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

B-1

TRUST FUND
COMPARATIVE STATEMENT OF OTHER TRUST FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	B	\$5,302	\$5,302
Increased/(Decreased)		-	-
Balance, December 31	B	<u>\$5,302</u>	<u>\$5,302</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

C

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$778,360	\$1,818,588
Deferred Charges to Future Taxation:			
Unfunded	C-8	4,733,250	4,269,250
Leased Assets under Capital Lease	C-4	79,700	117,500
		<u>\$5,591,310</u>	<u>\$6,205,338</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-7	\$4,733,000	\$4,269,000
Improvement Authorizations:			
Funded	C-6	63,918	83,735
Unfunded	C-6	275,481	938,486
Reserve for Improvements to Bathing Pavilion		137,454	66
Reserve for Computer System Upgrades		128	1,006
Reserve for Sand Replenishment		174,568	480,068
Reserve for Road Program		31,536	35,229
Reserve for Municipal Generator		646	646
Reserve for Dump Truck		20	20
Reserve for Telephone System for Police Department		357	1,642
Reserve for Preliminary Costs for Drainage Improvements at Drew Court		8,150	8,150
Reserve for Purchase of Bleachers for Park		7,000	7,000
Reserve for Renovation/Purchase of Ladder Truck			60,000
Reserve for Purchase of Wood Chipper		8,309	8,309
Reserve for Improvements to Park Lights		10,800	10,800
Reserve for Purchase of Equipment for Bathing Pavilion Concession		236	466
Reserve for Improvements to Police Computers		2,337	
Reserve for Purchase of Utility Vehicle		696	696
Reserve for Debt Service for Seawall		28,724	108,724
Lease Obligation Payable	C-4	79,700	117,500
Capital Improvement Fund	C-5	20,128	26,128
Fund Balance	C-1	8,122	47,667
		<u>\$5,591,310</u>	<u>\$6,205,338</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$250 and \$250, respectively.

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

C-1

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$47,667	\$26,735
Increased by:			
Premium on Sale of Notes	C-2	<u>3,455</u>	<u>20,932</u>
		51,122	47,667
Decreased by:			
Appropriated to Finance Improvement Authorization	C-6	<u>43,000</u>	<u>-</u>
Balance, December 31	C	<u><u>\$8,122</u></u>	<u><u>\$47,667</u></u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
General Fixed Assets:			
Land, Buildings and Improvements		\$3,849,934	\$3,787,322
Equipment		3,370,086	2,997,494
Total General Fixed Assets		<u>\$7,220,020</u>	<u>\$6,784,816</u>
<u>Reserves</u>			
Investment in General Fixed Assets	D-1	<u>\$7,220,020</u>	<u>\$6,784,816</u>

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A: 5-5. The financial statements of the Borough do not include the operations of the school boards, first aid squad or volunteer fire department, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of a local governmental entity, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2011.

B. Description of Funds

The GASB is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

Current Fund - used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

Animal Control Fund - used to record animal license revenues and expenditures.

Unemployment Fund - used to record unemployment revenues and expenditures.

Other Trust Fund - used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

Length of Service Award Program Fund - used to record Borough contributions, changes in market value and administrative charges for program-eligible volunteers.

General Capital Fund - used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to record fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

Appropriation Reserves - Until lapsed at the close of the succeeding year, appropriation reserves are available to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - The regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include 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 respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Foreclosed property 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 account group at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period when the terms of the sales contract become legally enforceable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time of purchase. The costs of inventories are not included on the various balance sheets.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are required to be 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. For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

D. 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 its financial statements, as listed in the table of contents, as required by the Division, which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (“FDIC”), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act (“GUDPA”) requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that 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 seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five 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.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2011 and 2010 the Borough’s bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Uninsured and Uncollateralized	\$266,127	\$203,388
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	4,882,167	5,433,791
	<u>\$5,148,294</u>	<u>\$5,637,179</u>

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Deposits (continued)

In addition, as of December 31, 2011 and 2010, the Borough had \$1,267,562 and \$1,266,189 respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A: 5-14, the Borough may use available funds for the purchase of the following types of securities, which, if suitable for registry, may be registered, in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local Government investment pools, subject to certain requirements.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a GUDPA bank;
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program investments as reported on December 31, 2011 and 2010 were \$57,952 and \$43,141, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2011 and 2010 no such investments were held by the Borough.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

3. 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 (the "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 notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Long-Term Debt

The Borough had no outstanding long-term debt at December 31, 2011 and 2010.

Short-Term Debt

At December 31, 2011 and 2010 the Borough's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec.31, 2011</u>
Various Capital Improvements and Sand Replenishment	10/3/11	10/4/12	1.25%	\$4,733,000
<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec.31, 2010</u>
Various Capital Improvements	10/21/10	10/21/11	1.50%	\$4,269,000

Bond anticipation note transactions for the years ended December 31, 2011 and 2010 are summarized as follows:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2011</u>
General Capital Fund	<u>\$4,269,000</u>	<u>\$4,733,000</u>	<u>\$4,269,000</u>	<u>\$4,733,000</u>
	<u>Balance Dec. 31, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2010</u>
General Capital Fund	<u>\$1,992,000</u>	<u>\$5,934,000</u>	<u>\$3,657,000</u>	<u>\$4,269,000</u>

3. DEBT (continued)

Bonds and Notes Authorized but not Issued

At December 31, 2011 and 2010 the Borough had authorized but not issued bonds and notes as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
General Capital Fund	\$250	\$250

4. FUND BALANCE APPROPRIATED

Fund balances at December 31, 2011 and 2010, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2012 and 2011 were as follows:

For the year ended December 31, 2012,

Current Fund	\$1,180,500
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For the year ended December 31, 2011,

Current Fund	\$1,040,000
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5. LEASE OBLIGATION PAYABLE

The Borough participates in the Capital Equipment Lease Program of the Monmouth County Improvement Authority (the "Authority"). The Authority has issued revenue bonds in which the Borough pays the debt service as part of the lease agreement. The minimum lease payments are raised annually in the Borough's current fund budget.

In 2003 the Borough executed a capital lease agreement for capital equipment in the amount of \$337,900. The lease obligation payable balance at December 31, 2011 and 2010 was \$79,700 and \$117,500, respectively.

Minimum future lease payments due to the Authority are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$39,100	\$3,457	\$42,557
2013	40,600	2,030	42,630
	<u>\$79,700</u>	<u>\$5,487</u>	<u>\$85,187</u>

6. TAXES COLLECTED IN ADVANCE

Taxes collected in advance and set forth as cash liabilities in the financial statements were as follows:

	<u>Balance December 31,</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	\$141,668	\$141,503

7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

The Borough is responsible for remitting one hundred percent of school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

8. SCHOOL TAXES

Regulations provide for deferral of not more than fifty percent of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2011 and 2010 as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance of Tax	\$2,125,657	\$2,125,633	\$2,030,100	\$1,754,880
Deferred	855,464	855,464	628,583	628,583
Tax Payable	<u>\$1,270,193</u>	<u>\$1,270,169</u>	<u>\$1,401,517</u>	<u>\$1,126,297</u>

9. PENSION PLANS

Description of Systems

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

Funding Policy

PERS employee contributions were five and one-half percent (5.50%) of base wages through September 30, 2011. Effective October 1, 2011 PERS employee contributions were six and one-half percent (6.50%) of base wages. PERS prosecutor employee contributions were eight and one-half percent (8.50%) of base wages through September 30, 2011. Effective October 1, 2011 prosecutor PERS employee contributions were ten percent (10.00%) of base wages. PFRS employee contributions were eight and one-half percent (8.50%) of base wages through September 30, 2011. Effective October 1, 2011 PFRS employee contributions were ten percent (10.00%) of base wages. The Division of Pensions and Benefits actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$101,330	2011	\$258,670
2010	88,233	2010	224,385
2009	79,184	2009	222,937

All contributions by the Borough were equal to the required contributions for each of the three years.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

10. POSTEMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 9, the Borough provides post-employment health and dental care for all employees who meet certain service requirements. Benefits consist of full medical and dental coverage and costs are reported as they are paid.

Plan Description

The Borough contributes to the State Health Benefits Program (“SHBP”), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et. seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. In 1994 the Borough authorized participation in the SHBP through resolution 16-94.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. The financial report of the SHBP may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postemployment retirement health benefits under the SHBP have been funded on a pay-as-you-go basis since 1994. Prior to 1994, health benefits were funded on an actuarial basis.

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough’s postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2011, 2010, and 2009 were \$240,250, \$203,885 and \$171,133 respectively, which equaled the required contributions for each year.

11. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2011 and 2010 was \$14,070 and \$9,234, respectively.

12. ACCRUED UNPAID SICK PAY BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2011 and 2010 were \$206,005 and \$196,229, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Monmouth Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Joint Insurance Fund which has a contract for excess liability insurance.

14. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

15. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2011 and 2010 are presented below:

	December 31, 2011	December 31, 2010
<u>Receivables</u>		
Current Fund	<u>\$6,082</u>	<u>\$8,500</u>
<u>Payables</u>		
Federal and State Grant Fund	<u>\$6,082</u>	<u>\$8,500</u>

16. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance Dec. 31, 2010	Additions	Dispositions	Transfers	Balance Dec. 31, 2011
Land, Buildings and Improvements	\$3,787,322	\$62,212			\$3,849,534
Equipment	2,997,494	784,709	\$412,117		3,370,086
	<u>\$6,784,816</u>	<u>\$846,921</u>	<u>\$412,117</u>	<u>-</u>	<u>\$7,219,620</u>

	Balance Dec. 31, 2009	Additions	Dispositions	Transfers	Balance Dec. 31, 2010
Land, Buildings and Improvements	\$2,365,209		\$188,900	\$1,611,013	\$3,787,322
Equipment	2,887,918	\$124,537	14,961		2,997,494
Construction in Progress	724,487	886,526		(1,611,013)	-
	<u>\$5,977,614</u>	<u>\$1,011,063</u>	<u>\$203,861</u>	<u>-</u>	<u>\$6,784,816</u>

17. LENGTH OF SERVICE AWARD PROGRAM

The Borough has established a Length of Service Award Program for retention and recruitment of volunteer first aid personnel. The Length of Service Award Program has been established under the laws of the State of New Jersey with the intent that it meets requirements under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contribution - The Borough's annual contribution, as increased by the cost of living adjustment, for each eligible volunteer member that met certain eligibility criteria was \$1,202 in 2011.

Appropriations - Appropriations for the purpose of funding the Borough's Length of Service Award Program are included as a separate line item in the Borough's budget.

Periodic Increases - The annual contribution to be made by the Borough for each eligible volunteer member shall be increased by adding a cost of living adjustment as published by the New Jersey Department of Community Affairs.

18. DEFERRED COMPENSATION

The Borough has adopted a Deferred Compensation Plan (the “Plan”) in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan enables the Borough’s employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

19. CONTINGENT LIABILITIES

Grant Financial Assistance

The Borough receives certain financial assistance in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. The Borough’s administration anticipates that no material liabilities will result from such audits.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2011

Balance, December 31, 2010	<u>Ref.</u> A		\$4,374,490
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$156,688	
Due from State of New Jersey for Senior Citizens and Veterans Deductions		38,000	
Collector	A-5	16,288,488	
Revenue Accounts Receivable	A-8	1,446,682	
Unappropriated Reserves	A-15	11,327	
Petty Cash Funds		800	
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		13,300	
State Library Aid		124	
Reserve for Outside Liens		86,850	
Due to State of New Jersey - Marriage Licenses Exchange		550	
		<u>38,950</u>	
			<u>18,081,759</u>
			22,456,249
Decreased by Disbursements:			
Appropriations	A-3	5,518,763	
Petty Cash Funds		800	
Appropriated Reserves	A-14	8,909	
Appropriation Reserves	A-9	120,937	
Reserve for Tax Appeals		1,240	
Reserve for P.E.O.S.H.A.		140	
Refund of Tax Overpayments		31,721	
County Taxes		3,871,143	
Regional High School Tax	A-11	3,783,093	
Local District School Tax	A-10	4,251,294	
Due to State of New Jersey - Marriage Licenses		575	
Reserve for Outside Liens		88,552	
Reserve for Monmouth Beach Bathing Pavilion Concession		2,500	
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		11,540	
State Library Aid		124	
Accounts Payable	A-12	16,971	
Exchange		<u>38,950</u>	
			<u>17,747,252</u>
Balance, December 31, 2011	A		<u>\$4,708,997</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT FUND CASH - COLLECTOR
Year Ended December 31, 2011

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-6	\$16,065,896	
Taxes Prepaid		141,668	
Revenue Accounts Receivable-			
Interest and Costs on Taxes	A-8	48,855	
Tax Overpayments		<u>32,069</u>	
			<u>\$16,288,488</u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u>\$16,288,488</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
Year Ended December 31, 2011

Year	Balance	2011 Levy	Added Taxes	Collections by Cash		Senior Citizens and Veterans	Canceled and Overpayments Adjustments Applied	Transferred to Tax Title Liens	Balance
	Dec. 31, 2010			2010	2011	Deductions Allowed			Dec. 31, 2011
2010	\$208,008		\$1,417		\$209,415		\$10		
2011		\$16,326,535		\$141,503	15,856,481	\$38,500	44,232	\$3,243	\$239,765
	<u>\$208,008</u>	<u>\$16,326,535</u>	<u>\$1,417</u>	<u>\$141,503</u>	<u>\$16,065,896</u>	<u>\$38,500</u>	<u>\$44,232</u>	<u>\$3,243</u>	<u>\$239,765</u>
Ref.	A				A-5			A-7	A

Analysis of 2011 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$16,247,224
Added Taxes (54:4-63.1 Et Seq.)	<u>79,311</u>
	<u>\$16,326,535</u>
Tax Levy:	
Regional High School Tax	Ref. A-11 \$4,058,313
Local District School Tax	A-10 4,251,318
County Taxes:	
County Tax	3,446,306
County Library Tax	196,529
County Open Space Tax	207,103
Amount Due County for Added Taxes	<u>19,144</u>
Total County Taxes	3,869,082
Local Tax for Municipal Purposes	A-2 4,076,724
Add: Additional Tax Levied	<u>71,098</u>
Local Tax for Municipal Purposes Levied	<u>4,147,822</u>
	<u>\$16,326,535</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$18,150
Increased by:		
Transfers from Taxes Receivable	A-6	<u>2,811</u>
Balance, December 31, 2011	A	<u><u>\$20,961</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
Alcoholic Beverage Licenses	A-2		\$1,254	\$1,254	
Municipal Court Fines and Costs	A-2	\$5,569	71,614	70,977	\$6,206
Interest and Costs on Taxes	A-2		48,855	48,855	
Bathing Pavilion	A-2		1,003,412	1,003,412	
Energy Receipts Tax	A-2		291,039	291,039	
Reserve for Seawall Debt Service	A-2		80,000	80,000	
		<u>\$5,569</u>	<u>\$1,416,174</u>	<u>\$1,495,537</u>	<u>\$6,206</u>

Ref.

A

A

Ref.

Collected By:

Treasurer

A-4

\$1,446,682

Tax Collector:

Interest and Costs on Taxes

A-5

48,855

\$1,495,537

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	Balance Dec. 31, 2010	Balance After Transfers	Paid	Balance Lapsed
Director:				
Other Expenses	\$997	\$997		\$997
Administrative and Executive:				
Salaries and Wages	2,440	2,440		2,440
Other Expenses	773	773	\$135	638
Borough Administrator:				
Salaries and Wages	25	25		25
Other Expenses	179	179	72	107
Municipal Clerk:				
Salaries and Wages	61	61		61
Other Expenses	15,223	15,223	3,224	11,999
Public Buildings and Grounds:				
Salaries and Wages	2,495	2,495	149	2,346
Other Expenses	6,231	3,731	2,508	1,223
Sand Reclamation:				
Other Expenses	9,500	9,500		9,500
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	1,118	1,118		1,118
Other Expenses	7,899	7,899	856	7,043
Bathing Pavilion:				
Salaries and Wages	1,805	1,805		1,805
Other Expenses	515	515	515	
Bathing Pavilion Repairs:				
Salaries and Wages	941	941		941
Other Expenses	715	715		715
Police:				
Salaries and Wages	5,213	5,213	4,561	652
Other Expenses	3,675	3,675	353	3,322
Maintenance of Police Computer:				
Other Expenses	65	65		65
Lease/Purchase Police Car	508	508		508
Municipal Prosecutor:				
Salaries and Wages	793	793		793
Other Expenses	250	250		250
Board of Health:				
Salaries and Wages	207	207		207
Other Expenses	1,931	1,931		1,931
Animal Control Services Expense	3,457	3,457	908	2,549

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Court:				
Salaries and Wages	\$1,277	\$1,277	\$71	\$1,206
Other Expenses	1,936	1,936		1,936
Emergency Managing Services:				
Other Expenses	1,000	1,000		1,000
Recreation Commission:				
Salaries and Wages	302	302		302
Other Expenses	2,606	2,606	2,600	6
Environmental Commission:				
Salaries and Wages	202	202		202
Other Expenses	1,869	1,869		1,869
Housing Officer:				
Salaries and Wages	768	768		768
Other Expenses	500	500		500
Zoning Officer:				
Salaries and Wages	3,050	550		550
Other Expenses	500	500		500
Director's Office:				
Other Expenses	48	48		48
Fire:				
Other Expenses:				
Fire Hydrant Service	3,625	3,625	3,216	409
Miscellaneous Other Expenses	512	512	170	342
Municipal Services Act (P.L. 1989, Ch. 299):				
Other Expenses	1,408	1,408		1,408
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):				
Salaries and Wages	1,362	1,362		1,362
Other Expenses	1,950	1,950		1,950
Road Repairs and Maintenance:				
Salaries and Wages	8,411	3,411	3,104	307
Other Expenses	6,751	2,751	1,876	875
Garbage and Trash Removal:				
Salaries and Wages	917	917		917
Other Expenses	4,443	4,443		4,443
Sanitary Landfill:				
Other Expenses	73,151	60,151	11,803	48,348
Repair to Public Access Beach Stairways:				
Other Expenses	3,306	3,306		3,306
Vehicle Maintenance	808	1,808	1,631	177

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Senior Citizens Transportation:				
Salaries and Wages	\$162	\$162		\$162
Other Expenses	250	250		250
Drainage:				
Salaries and Wages	300	300		300
Other Expenses	1,131	1,131		1,131
Street Lighting:				
Other Expenses	6,168	6,168	\$2,303	3,865
Engineering Services and Costs:				
Other Expenses	9,708	9,708	9,463	245
Financial Administration:				
Salaries and Wages	1,076	1,076		1,076
Other Expenses	130	130		130
Auditing Fees	1,000	1,000		1,000
Assessment of Taxes:				
Salaries and Wages	28	28		28
Other Expenses	348	5,848	386	5,462
Collection of Taxes:				
Salaries and Wages	19	19		19
Other Expenses	358	358		358
Legal Services and Costs:				
Miscellaneous Other Expenses	943	1,443	1,443	
Affordable Housing (COAH) Expenses	2,911	2,911	2,445	466
Insurance:				
General Liability	219	219		219
Worker's Compensation	111	111		111
Employee Group Health	33,340	33,340	30,213	3,127
Computerized Data Processing	433	433	90	343
Celebration of Public Events	1,558	1,558		1,558
Utilities:				
Gasoline	4,786	4,786	3,497	1,289
Fuel Oil	3,207	3,207	2,868	339
Electricity	3,644	5,144	4,933	211
Telephone and Telegraph	378	2,378	1,986	392
Natural Gas	6,727	6,727	5,478	1,249
Water	1,690	1,690	402	1,288
Sewer	900	900		900

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2011

	<u>Balance Dec. 31, 2010</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
MCIA Administrative Expense	\$1,200	\$1,200		\$1,200
Contingent	10,744	10,744	\$575	10,169
Contribution to Social Security System	7,046	7,046	603	6,443
NJ Unemployment Trust Fund		7,500	7,500	
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35)	19,193	19,193		19,193
911 Service	19	19		19
Dispatcher Services	97	97		97
Snow Removal		9,000	9,000	
Matching Funds for Grants	13,000	13,000		13,000
	<u>\$320,542</u>	<u>\$320,542</u>	<u>\$120,937</u>	<u>\$199,605</u>
<u>Ref.</u>	A		A-4	A-1

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$1,270,169	
School Tax Deferred		<u>855,464</u>	\$2,125,633
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-6		<u>4,251,318</u>
			<u>6,376,951</u>
Decreased by:			
Payments	A-4		<u>4,251,294</u>
Balance, December 31, 2011:			
School Tax Payable	A	1,270,193	
School Tax Deferred		<u>855,464</u>	<u>\$2,125,657</u>
 <u>2011 Liability for Local District School Tax:</u>			
Tax Paid	A-10		\$4,251,294
School Tax Payable, December 31, 2011	A-10		<u>1,270,193</u>
			5,521,487
Less: School Tax Payable, December 31, 2010	A-10		<u>1,270,169</u>
Amount Charged to 2011 Operations	A-1		<u>\$4,251,318</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$1,126,297	
School Tax Deferred		<u>628,583</u>	\$1,754,880
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-6		<u>4,058,313</u>
			5,813,193
Decreased by:			
Payments	A-4		<u>3,783,093</u>
Balance, December 31, 2011:			
School Tax Payable	A	1,401,517	
School Tax Deferred		<u>628,583</u>	<u>\$2,030,100</u>
 <u>2011 Liability for Regional High School Tax:</u>			
Tax Paid	A-11		\$3,783,093
School Tax Payable, December 31, 2011	A-11		<u>1,401,517</u>
			5,184,610
Less: School Tax Payable, December 31, 2010	A-11		<u>1,126,297</u>
Amount Charged to 2011 Operations	A-1		<u>\$4,058,313</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$17,322
Increased by:			
Transferred from 2011 Appropriations	A-3		<u>21,987</u>
			39,309
Decreased by:			
Canceled to Operations	A-1	\$351	
Cash Disbursed	A-4	<u>16,971</u>	
			<u>17,322</u>
Balance, December 31, 2011	A		<u><u>\$21,987</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2011

Grant	Balance Dec. 31, 2010	2011 Appropriated Revenue	Unappropriated Reserves Realized	Balance Dec. 31, 2011
NJ Transportation Trust Fund				
Authority Act	\$338,669	\$250,000		\$588,669
Clean Communities Program		7,913	\$7,913	
Drunk Driving Enforcement Fund		1,466	1,466	
Body Armor Replacement Fund		1,954	1,954	
	<u>\$338,669</u>	<u>\$261,333</u>	<u>\$11,333</u>	<u>\$588,669</u>
<u>Ref.</u>	A	A-2	A-15	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2011

Grant	Balance Dec. 31, 2010	Transfer From 2011 Budget Appropriation	Expended	Balance Dec. 31, 2011
Alcohol Education	\$317			\$317
Drunk Driving Enforcement Fund	3,052	\$1,466	\$2,586	1,932
Body Armor Replacement Fund	2,988	1,954	813	4,129
Clean Communities Program	6,020	7,913	5,510	8,423
NJ Transportation Trust Fund Authority Act	304,740	250,000		554,740
Stormwater Regulation	1,672			1,672
	<u>\$318,789</u>	<u>\$261,333</u>	<u>\$8,909</u>	<u>\$571,213</u>
<u>Ref.</u>	A	A-3	A-4	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2011

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Received</u>	<u>Appropriated</u>	<u>Balance Dec. 31, 2011</u>
Clean Communities Program	\$7,913	\$7,469	\$7,913	\$7,469
Drunk Driving Enforcement Fund	1,466	2,213	1,466	2,213
Body Armor Replacement Fund	1,954	1,267	1,954	1,267
Alcohol Education	47	378		425
	<u>\$11,380</u>	<u>\$11,327</u>	<u>\$11,333</u>	<u>\$11,374</u>
<u>Ref.</u>	A	A-4	A-13	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Unemployment</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2010	B	<u>\$9,234</u>	<u>\$694</u>	<u>\$590,727</u>
Increased by Receipts:				
Cat License Fees	B-4		120	
Dog License Fees	B-4		1,598	
State Dog License Fees			199	
Other Trust Fund Deposits	B-3			419,989
Refunds	B-5	12,355		
Budget Appropriation	B-5	5,000		
		<u>17,355</u>	<u>1,917</u>	<u>419,989</u>
Decreased by Disbursements:				
Unemployment Expenditures	B-5	12,519		
Other Trust Fund Expenditures	B-3			295,817
State Dog License Fees			199	
Expenditures Under R.S. 4:19-15.11	B-4		2,220	
		<u>12,519</u>	<u>2,419</u>	<u>295,817</u>
Balance, December 31, 2011	B	<u><u>\$14,070</u></u>	<u><u>\$192</u></u>	<u><u>\$714,899</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS
Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increases	Decreases	Balance Dec. 31, 2011
<u>Reserves For:</u>				
Developers Escrow	\$69,579	\$16,348	\$21,933	\$63,994
Premium Received at Tax Sale	38,400	41,300	27,700	52,000
Uniform Fire Safety Penalties	450			450
Police Traffic	5,957	30,344	29,252	7,049
Recycling	56,703	21,871	10,755	67,819
Construction Code Official Fees	151,727	153,339	122,081	182,985
Recreation	33,372	58,270	51,450	40,192
Kids Day	500			500
Dune Grass	2,108			2,108
Shade Tree	6,531	6,525	12,820	236
Snow Removal		9,000		9,000
Parking Adjudication	505	108		613
Accumulated Absences	71,471	15,500		86,971
Payroll Deductions Payable	13,860		13,837	23
Affordable Housing	134,262	67,384	5,989	195,657
	<u>\$585,425</u>	<u>\$419,989</u>	<u>\$295,817</u>	<u>\$709,597</u>
<u>Ref.</u>	B	B-2	B-2	B

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$694
Increased by:		
Dog License Fees Collected	B-2	\$1,598
Cat License Fees Collected	B-2	<u>120</u>
		<u>1,718</u>
		<u>2,412</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-2	<u>2,220</u>
Balance, December 31, 2011	B	<u><u>\$192</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2010	<u>\$1,854</u>
2009	<u>1,437</u>
	<u><u>\$3,291</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT FUND EXPENDITURES
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$9,234
Increased by:		
Budget Appropriation	B-2	\$5,000
Refunds	B-2	<u>12,355</u>
		<u>17,355</u>
		<u>26,589</u>
Decreased by:		
Unemployment Expenditures	B-2	<u>12,519</u>
Balance, December 31, 2011	B	<u><u>\$14,070</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD
PROGRAM FUND INVESTMENTS
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$43,141
Increased by:			
Borough Contributions	B-7		<u>15,626</u>
			58,767
Decreased by:			
Change in Market Value	B-7	\$465	
Administrative Charges	B-7	<u>350</u>	
			<u>815</u>
Balance, December 31, 2011	B		<u><u>\$57,952</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD
PROGRAM FUND
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$43,141
Increased by:			
Borough Contributions	B-6		<u>15,626</u>
			58,767
Decreased by:			
Change in Market Value	B-6	\$465	
Administrative Charges	B-6	<u>350</u>	
			<u>815</u>
Balance, December 31, 2011	B		<u><u>\$57,952</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	C		\$1,818,588
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-5	\$85,000	
Deferred Charges to Future Taxation - Unfunded	C-8	250,000	
Reserve for Sand Replenishment		75,000	
Reserve for Improvements to Bathing Pavilion		200,000	
Reserve for Road Program		25,000	
Reserve for Improvements to Police Computers		25,000	
Bond Anticipation Notes	C-7	4,733,000	
Premium on Sale of Notes	C-1	3,455	
		<u>5,396,455</u>	<u>7,215,043</u>
Decreased by Disbursements:			
Reserve for Improvements to Bathing Pavilion		62,612	
Reserve for Sand Replenishment		380,500	
Reserve for Road Program		28,693	
Reserve for Computer System Upgrades		878	
Reserve for Telephone System for Police Department		1,285	
Reserve for Purchase of Equipment for Bathing Pavilion Concession		230	
Reserve for Renovation/Purchase of Ladder Truck		60,000	
Reserve for Improvements to Police Computers		22,663	
Reserve for Debt Service for Seawall		80,000	
Bond Anticipation Notes	C-7	4,269,000	
Improvement Authorizations	C-6	1,530,822	
		<u>6,436,683</u>	
Balance, December 31, 2011	C		<u><u>\$778,360</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2011</u>
Capital Improvement Fund	\$20,128
Reserve for Computer System Upgrade	128
Reserve for Sand Replenishment	174,568
Reserve for Road Program	31,536
Reserve for Improvements to Bathing Pavilion	137,454
Reserve for Municipal Generator	646
Reserve for Dump Truck	20
Reserve for Telephone System for Police Department	357
Reserve for Preliminary Costs for Drainage Improvements at Drew Court	8,150
Reserve for Purchase of Bleachers for Park	7,000
Reserve for Purchase of Wood Chipper	8,309
Reserve for Improvements to Park Lights	10,800
Reserve for Purchase of Equipment for Bathing Pavilion Concession	236
Reserve for Purchase of Utility Vehicle	696
Reserve for Improvements to Police Computers	2,337
Reserve for Debt Service for Seawall	28,724
Fund Balance	8,122

Improvement Authorizations:

<u>Ordinance Date</u>	<u>Improvement Description</u>	
03/31/03	Various Capital Improvements	511
10/11/05	Replacement of the Municipal Building Roof	5,330
03/14/06	Improvements to the Municipal Building	1,275
06/13/06	Purchase of Breath Alcohol System	90
08/02/07	Sidewalk Improvement Program	20,000
06/24/08	Various Capital Improvements	(250)
11/23/09	Various Capital Improvements	175,451
08/03/10	Purchase of Recording Equipment for the Police Department and Municipal Court	842
08/03/10	Various Capital Improvements	100,030
08/09/11	Various Capital Improvements	35,870
		<u>\$778,360</u>

Ref.

C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATION PAYABLE
Year Ended December 31, 2011

<u>Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance Dec. 31, 2011</u>
Fire Truck	<u>\$117,500</u>	<u>\$37,800</u>	<u>\$79,700</u>
<u>Ref.</u>	C		C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$26,128
Increased by:		
2011 Budget Appropriation	C-2	<u>85,000</u>
		111,128
Decreased by:		
Appropriated to Finance Improvement Authorization	C-6	<u>91,000</u>
Balance, December 31, 2011	C	<u><u>\$20,128</u></u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2011

<u>Improvement Authorizations</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2010</u>		<u>2011 Authorizations</u>	<u>Paid</u>	<u>Balance Dec. 31, 2011</u>	
		<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
Various Capital Improvements	\$46,300	\$1,270			\$1,270		
Beach Replenishment	360,000	7,000			7,000		
Various Capital Improvements	38,000	511				\$511	
Replacement of the Municipal Building Roof	87,000	5,330				5,330	
Improvements to the Municipal Building	20,000	1,275				1,275	
Purchase of Breath Alcohol System	14,000	90				90	
Various Capital Improvements	775,000		\$8,115		8,115		
Improvements to Center Road	23,000	9,417			9,417		
Sidewalk Improvement Program	20,000	20,000				20,000	
Various Capital Improvements	1,375,000		10,241		10,241		
Various Capital Improvements	1,750,000		208,130		32,679		\$175,451
Purchase of Recording Equipment for the Police Department and Municipal Court	17,000	842				842	
Various Capital Improvements	750,000	38,000	712,000		649,970		100,030
Various Capital Improvements	98,000			\$98,000	62,130	35,870	
Sand Replenishment Project	750,000			750,000	750,000		
		<u>\$83,735</u>	<u>\$938,486</u>	<u>\$848,000</u>	<u>\$1,530,822</u>	<u>\$63,918</u>	<u>\$275,481</u>
	<u>Ref.</u>	C	C		C-2	C	C

Capital Improvement Fund	<u>Ref.</u>	
Fund Balance	C-5	\$91,000
Deferred Charges to Future Taxation - Unfunded	C-1	43,000
	C-8	714,000
		<u>\$848,000</u>

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
86-06	Various Capital Improvements	10/26/06	10/21/10	10/21/11	1.50%	\$586,000		\$586,000	
80-08	Various Capital Improvements	10/23/08	10/21/10	10/21/11	1.50%	831,000		831,000	
80-08	Various Capital Improvements	10/22/09	10/21/10	10/21/11	1.50%	475,000		475,000	
118-09	Various Capital Improvements	4/28/10	10/21/10	10/21/11	1.50%	1,665,000		1,665,000	
100-10	Various Capital Improvements	10/21/10	10/21/10	10/21/11	1.50%	712,000		712,000	
86-06	Various Capital Improvements	10/26/06	10/3/11	10/4/12	1.25%		\$536,000		\$536,000
80-08	Various Capital Improvements	10/23/08	10/3/11	10/4/12	1.25%		799,185		799,185
80-08	Various Capital Improvements	10/22/09	10/3/11	10/4/12	1.25%		456,815		456,815
118-09	Various Capital Improvements	4/28/10	10/3/11	10/4/12	1.25%		1,515,000		1,515,000
100-10	Various Capital Improvements	10/21/10	10/3/11	10/4/12	1.25%		712,000		712,000
80-11	Sand Replenishment Project	10/3/11	10/3/11	10/4/12	1.25%		714,000		714,000
						<u>\$4,269,000</u>	<u>\$4,733,000</u>	<u>\$4,269,000</u>	<u>\$4,733,000</u>
					<u>Ref.</u>	C	C-2	C-2	C:C-8

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Budget Appropriations	Balance Dec. 31, 2011	Analysis of Balance Dec. 31, 2011	
						Financed by Bond Anticipation Notes	Expenditures
86-06	Various Capital Improvements	\$586,000		\$50,000	\$536,000	\$536,000	
80-08	Various Capital Improvements	1,306,250		50,000	1,256,250	1,256,000	\$250
118-09	Various Capital Improvements	1,665,000		150,000	1,515,000	1,515,000	
100-10	Various Capital Improvements	712,000			712,000	712,000	
80-11	Sand Replenishment Project		\$714,000		714,000	714,000	
		<u>\$4,269,250</u>	<u>\$714,000</u>	<u>\$250,000</u>	<u>\$4,733,250</u>	<u>\$4,733,000</u>	<u>\$250</u>
Ref.		C	C-6	C-2	C	C-7	

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS
Year Ended December 31, 2011

	Balance Dec. 31, 2010	Additions	Dispositions	Balance Dec. 31, 2011
General Fixed Assets:				
Land, Buildings and Improvements	\$3,787,322	\$62,612		\$3,849,934
Equipment	2,997,494	784,709	\$412,117	3,370,086
	<u>\$6,784,816</u>	<u>\$847,321</u>	<u>\$412,117</u>	<u>\$7,220,020</u>
<u>Ref.</u>	D			D

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2011

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

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the municipal attorney's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Bathing Pavilion Concession
Beach Road Streetscape Project
Bathing Pavilion Project
2006 Ford F350 Bucket Truck or Approved Equivalent
2011 Capital Improvement Program
Bathing Pavilion Phase VI – North Side Framing
Bathing Pavilion Renovations, Phase VII Project

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

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods or services other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements not Required to be Advertised by N.J.S.

40A:11-6.1

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

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.A 40A:54:4-67 provides the method for authorizing interest and the maximum rates to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 10, 1995 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes or assessments:

WHEREAS, N.J.S.A. 54:5-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:40-67 has been amended to permit the fixing of said rate of 8% per annum of the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED that the Governing Body of the Borough of Monmouth Beach, County of Monmouth and State of New Jersey, that it does hereby fix the maximum allowed under N.J.S.A. 54:4-67 to be charged against all properties who become delinquent as defined under N.J.S.A. 54:4-67 and such charges on account of delinquent properties as set forth herein remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth new or different rates; and

BE IT FURTHER RESOLVED that effective January 1, 1995, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order, said grace period as set forth herein to remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth a new or different grace period.

Based upon our audit of the tax collector's records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

Tax Title Liens

The last tax sale was held on July 10, 2011 and was complete.

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

2011	4
2010	4
2009	4

SUMMARY OF MUNICIPAL DEBT

<u>Issued</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Bonds and Notes	\$4,733,000	\$4,269,000	\$1,992,000
<u>Authorized but not Issued</u>			
General Bonds and Notes	250	250	1,665,250
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$4,733,250</u>	<u>\$4,269,250</u>	<u>\$3,657,250</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 indicated a statutory net debt of 0.344%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School	\$6,433,141	\$6,433,141	
General Debt	4,904,774	171,524	\$4,733,250
	<u>\$11,337,915</u>	<u>\$6,604,665</u>	<u>\$4,733,250</u>

Net Debt \$4,733,250 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,375,890,055 equals 0.344%.

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

3½% of Equalized Valuation Basis	\$48,156,152
Net Debt	4,733,250
Remaining Borrowing Power	<u>\$43,422,902</u>

The Chief Financial Officer should file a revised annual debt statement.

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Municipal	\$.323	\$.318	\$.307
Local School	.337	.338	.325
Regional School	.322	.279	.270
County	.305	.305	.297
Total Tax Rate	<u>\$1.287</u>	<u>\$1.240</u>	<u>\$1.199</u>

ASSESSED VALUATIONS

2011	\$1,262,410,459
2010	1,259,173,241
2009	1,261,321,368

COMPARISON OF TAXES LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$16,326,535	\$16,039,727	98.24%
2010	15,699,963	15,453,679	98.43%
2009	15,183,342	14,904,931	98.17%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens on December 31, in relation to the tax levies of the last three years.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Title Liens	\$20,961	\$18,150	\$15,442
Delinquent Taxes	239,765	208,008	254,720
Total Delinquent	<u>\$260,726</u>	<u>\$226,158</u>	<u>\$270,162</u>
% of Tax Levy	1.60%	1.44%	1.78%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$60,750
2010	60,750
2009	60,750

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2011	\$1,408,208	\$1,180,500
2010	1,396,656	1,040,000
2009	1,270,863	1,080,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond*</u>
Susan Howard	Mayor	
James F. Cunniff	Commissioner	
William J. McBride, Jr.	Commissioner	
Joyce Escalante	Borough Clerk and Registrar of Vital Statistics	
James C. Fuller	Borough Tax Collector and Chief Financial Officer	
Elizabeth A. Heath	Payroll and Payables Clerk	
Antonetta Heinzinger	Assistant to Borough Tax Collector and Assistant to Chief Financial Officer	
John G. Colannino	Judge	
Jennifer Ingenito	Court Clerk and Violations Clerk	

*Borough employees are covered by a faithful performance and employee dishonesty bond in the amount of \$1,000,000. This insurance is provided to the Borough through its participation in the Monmouth Municipal Joint Insurance Fund.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

COMMENTS AND RECOMMENDATIONS

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. In addition, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we noted certain matters that we have reported to the Borough's administration in a separate letter dated September 21, 2012.