

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Attention is directed to the fact that a summary or synopsis of the audit report, together with the recommendations, is the minimum required to be published pursuant to N.J.S. 40A:5-7.

Summary or Synopsis of 2011 Audit Report of the Borough of Spring Lake, County of Monmouth as required by N.J.S. 40A:5-7.

COMBINED COMPARATIVE BALANCE SHEET

	<u>Year 2011</u>	<u>Year 2010</u>
<u>Assets</u>		
Cash and Investments	\$ 11,807,942.63	8,240,586.29
Taxes, Liens and Utility Charges Receivable	347,475.96	686,158.94
Property Acquired for Taxes - Assessed Value	7,700.00	7,700.00
Accounts Receivable	1,417,131.63	1,641,672.08
Deferred Charges to Future Taxation - General Capital	5,258,402.00	5,851,261.00
Fixed Capital - Utilities	14,946,126.31	14,946,126.31
General Fixed Assets	21,747,635.00	21,675,561.00
Total Assets	<u>\$ 55,532,413.53</u>	<u>53,049,065.62</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Bonds and Notes Payable	\$ 14,846,316.00	12,788,316.00
Improvement Authorizations	846,714.10	1,273,300.83
Other Liabilities and Special Funds	6,536,548.93	6,167,874.01
Reserve for Certain Assets Receivable	482,875.54	868,679.93
Amortization of Debt for Fixed Capital	8,028,537.31	7,439,396.31
Reserve for Fixed Assets	21,747,635.00	21,675,561.00
Fund Balance	3,043,786.65	2,835,937.54
Total Liabilities, Reserves and Fund Balance	<u>\$ 55,532,413.53</u>	<u>53,049,065.62</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,925,000.00	1,925,959.01
Miscellaneous - From Other Than Local Property		
Tax Levies	2,925,015.12	3,363,480.54
Collection of Delinquent Taxes and Tax Title Liens	209,258.29	150,867.58
Collection of Current Tax Levy	21,927,098.95	21,935,583.96
	<u>26,986,372.36</u>	<u>27,375,891.09</u>
 <u>Expenditures</u>		
Budget Expenditures:		
Municipal Purposes	9,878,155.34	10,226,303.25
County Taxes	8,987,876.19	9,137,087.05
Local School Tax	6,066,906.00	6,027,215.00
Special Business Tax	68,000.00	68,000.00
Other Expenditures	-	82,050.27
Total Expenditures	<u>25,000,937.53</u>	<u>25,540,655.57</u>
 Excess in Revenue	1,985,434.83	1,835,235.52
Fund Balance January 1	<u>2,098,258.64</u>	<u>2,188,982.13</u>
	4,083,693.47	4,024,217.65
 Less: Utilized as Anticipated Revenue	<u>1,925,000.00</u>	<u>1,925,959.01</u>
 Fund Balance December 31	<u>\$ 2,158,693.47</u>	<u>2,098,258.64</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER-SEWER OPERATING FUND**

	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>		
Operating Surplus Anticipated	\$ 69,680.80	68,000.00
Collection of Water-Sewer Rents	2,399,725.70	2,363,780.67
Miscellaneous - Other Than Water-Sewer Rents	400,873.83	219,033.85
Total Income	<u>2,870,280.33</u>	<u>2,650,814.52</u>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	2,067,005.80	1,977,360.00
Debt Service	408,365.00	378,649.44
Deferred Charges and Statutory Expenditures	45,210.00	196,467.67
Total Expenditures	<u>2,520,580.80</u>	<u>2,552,477.11</u>
Excess/(Deficit) in Revenue	349,699.53	98,337.41
Fund Balance January 1	<u>98,886.79</u>	<u>68,549.38</u>
	448,586.32	166,886.79
Less: Utilization by Water-Sewer Operating Budget	<u>69,680.80</u>	<u>68,000.00</u>
Fund Balance December 31	<u><u>\$ 378,905.52</u></u>	<u><u>98,886.79</u></u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
BEACH UTILITY FUND

	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>		
Operating Surplus Anticipated	\$ 391,943.00	275,000.00
Beach Fees	2,276,399.50	2,335,443.50
Miscellaneous from Other Than Beach Fees	150,020.91	200,395.26
Total Income	<u>2,818,363.41</u>	<u>2,810,838.76</u>
 <u>Expenditures</u>		
Budget Expenditures:		
Operating	1,998,053.00	1,938,603.01
Capital Improvements	60,000.00	35,000.00
Debt Service	291,151.00	294,031.99
Deferred Charges & Other Expenditures	198,739.00	164,196.90
Total Expenditures	<u>2,547,943.00</u>	<u>2,431,831.90</u>
 Excess in Revenue	270,420.41	379,006.86
Fund Balance January 1	<u>400,769.71</u>	<u>296,762.85</u>
	671,190.12	675,769.71
 Less: Utilization as Anticipated Revenue	<u>391,943.00</u>	<u>275,000.00</u>
 Fund Balance December 31	<u><u>\$ 279,247.12</u></u>	<u><u>400,769.71</u></u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
POOL UTILITY FUND**

	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>		
Operating Surplus Anticipated	\$ 91,026.30	38,000.00
Pool Fees	527,802.50	505,784.00
Miscellaneous from Other Than Pool Fees	103,456.09	128,617.83
Total Income	<u>722,284.89</u>	<u>672,401.83</u>
 <u>Expenditures</u>		
Budget Expenditures:		
Operating	497,950.00	464,059.23
Capital Improvements	30,000.00	30,000.00
Debt Service	65,156.00	64,488.50
Deferred Charges and Statutory Expenditures	52,920.30	34,452.27
Total Expenditures	<u>646,026.30</u>	<u>593,000.00</u>
 Excess in Revenue	76,258.59	79,401.83
Fund Balance January 1	<u>167,192.37</u>	<u>125,790.54</u>
	243,450.96	205,192.37
 Less: Utilization as Anticipated Revenue	<u>91,026.30</u>	<u>38,000.00</u>
 Fund Balance December 31	<u><u>\$ 152,424.66</u></u>	<u><u>167,192.37</u></u>

RECOMMENDATIONS

None

* * * * *

A Corrective Action Plan, which outlines action the Borough of Spring Lake will take to correct the findings listed above, if any, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Municipal Clerk in the Borough of Spring Lake within 45 days of this notice.

* * * * *

The above summary or synopsis was prepared from the report of audit of the Borough of Spring Lake, County of Monmouth for the calendar year 2011. This report of audit, submitted by Robert A. Hulsart and Company, Registered Municipal Accountants, is on file at the Borough Clerk's office and may be inspected by any interested persons.

Clerk

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

DECEMBER 31, 2011

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

PART I

AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,
FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

		<u>Page</u>
	Report of Independent Auditor's	1 & 2.
<u>Exhibit</u>		
	<u>CURRENT FUND</u>	
A	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	3 & 4.
A-1	Statement of Operations and Change in Fund Balance – Regulatory Basis	5 & 6.
A-2	Statement of Revenues – December 31, 2011 – Regulatory Basis	7 & 8.
A-3	Statement of Expenditures – December 31, 2011- Regulatory Basis	9 to 15.
	<u>TRUST FUND</u>	
B	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	16.
	<u>GENERAL CAPITAL FUND</u>	
C	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	17.
C-1	Statement of Fund Balance – Regulatory Basis	18.
	<u>WATER-SEWER UTILITY FUND</u>	
D	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	19 & 20.
D-a	Statement of Fund Balance	21.
D-1	Statement of Operations and Changes in Fund Balance – Regulatory Basis	22.
D-2	Statement of Revenues – Year 2011 – Regulatory Basis	23.
D-3	Statement of Expenditures – Year 2011 – Regulatory Basis	24.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
-----------------------	--	--------------------

DEDICATED BEACH UTILITY

E	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	25 & 26.
E-1	Statement of Operations and Change in Operating Fund Balance – Regulatory Basis	27.
E-2	Statement of Revenues – 2011 – Regulatory Basis	28.
E-3	Statement of Expenditures – 2011 – Regulatory Basis	29 & 30.

POOL UTILITY CAPITAL FUND

F	Balance Sheet as at December 31, 2011 and December 31, 2010 – Regulatory Basis	31.
F-a	Statement of Fund Balance – Regulatory Basis	31.
F-1	Statement of Operations and Operating Fund Balance	32.
F-2	Statement of Revenues – 2011 – Regulatory Basis	33.
F-3	Statement of Expenditures – 2011 – Regulatory Basis	34 & 35.

FIXED ASSETS

G	Balance Sheet as at December 31, 2011 and 2010 – Regulatory Basis	36.
	Notes to Financial Statements	37 to 50.

PART II – SUPPLEMENTARY DATA

	Supplementary Data	51 to 56.
	Officials in Office and Surety Bonds	57.

Exhibit

CURRENT FUND

A-4	Schedule of Cash – Collector – Treasurer	58 & 59.
A-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	60.
A-6	Schedule of Due to State of New Jersey Per Ch. 20, P.L. 1971	61.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
A-7	Schedule of Revenue Accounts Receivable	62.
A-8	Schedule of Appropriation Reserves	63.
A-9	Schedule of Accounts Payable	63.
A-10	Schedule of County Taxes Payable	64.
A-11	Schedule of Local District School Tax	64.
A-12	Federal and State Grant Fund – Schedule of Grants Receivable	65.
A-13	Federal and State Grant Fund – Schedule of Appropriation Reserves	66.
A-14	Federal and State Grant Fund – Schedule of Unappropriated Reserves	67.
 <u>TRUST FUND</u>		
B-1	Schedule of Cash – Collector – Treasurer	68.
B-2	Schedule of Reserve for Dog and Cat Fund Expenditures	69.
B-3	Schedule of Reserve for Dog Fund Expenditures Due To/(From) State of New Jersey	69.
B-4	Schedule of Reserve for Unemployment Insurance	70.
B-5	Schedule of Reserve for Marriage License Fees Due to State Of New Jersey	70.
B-6	Schedule of Reserve for Recreation Commissioners	71.
B-7	Schedule of Deposits for Engineering Fees – Essex and Sussex Development	71.
B-8	Schedule of Reserves for Mt. Laurel Trust	72.
B-9	Schedule of Reserve for Due From Current Fund	72.
B-10	Schedule of Reserve for Law Enforcement Trust	73.
B-11	Schedule of Reserve for Planning Board	73.
B-12	Schedule of Reserve for Planning Board II	73.
B-13	Schedule of Monmouth Ave. Security	73.
B-14	Schedule of Reserves for Junior Lifeguards	74.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	<u>GENERAL CAPITAL FUND</u>	
C-2	Schedule of Cash – Checking	75.
C-3	Schedule of Capital Cash	76.
C-4	Schedule of Deferred Charges to Future Taxation – Unfunded	77.
C-5	Schedule of Capital Improvement Fund	78.
C-6	Schedule of Improvement Authorizations	79.
C-7	Schedule of General Serial Bonds	80.
C-8	Schedule of Bond Anticipation Notes	81.
C-9	Schedule of Bonds and Notes Authorized But Not Issued	82.
	<u>WATER-SEWER UTILITY FUND</u>	
D-4	Water-Sewer Utility Operating and Capital Fund – Schedule of Cash	83.
D-5	Water-Sewer Utility Capital Fund – Schedule of Cash	84.
D-6	Schedule of Consumer Accounts Receivable	85.
D-7	Schedule of Appropriation Reserves	85.
D-8	Schedule of Reserve for Deferred Amortization	86.
D-9	Schedule of Accrued Interest	86.
D-10	Schedule of Fixed Capital	87.
D-11	Schedule of Capital Improvement Fund	88.
D-12	Schedule of Improvement Authorizations	89.
D-13	Schedule of Fixed Capital Authorized and Uncompleted	90.
D-14	Schedule of Reserve for Amortization	91.
D-15	Schedule of Bond Anticipation Notes	92.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
D-16	Schedule of Water-Sewer Capital Fund Serial Bonds	93 & 94.
D-17	Schedule of Bonds and Notes Authorized but Not Issued	95.

DEDICATED BEACH UTILITY FUND

E-4	Schedule of Cash – Treasurer	96.
E-5	Schedule of Cash	97.
E-6	Schedule of Appropriation Reserves	98.
E-7	Schedule of Improvement Authorizations	99.
E-8	Schedule of Fixed Assets Authorized and Uncompleted	100.
E-9	Schedule of Capital Improvement Fund	101.
E-10	Schedule of Reserve to Pay Bonds	101.
E-11	Schedule of Reserve for Amortization	102.
E-12	Schedule of Beach Utility Capital Serial Bonds	103.
E-13	Schedule of Bond Anticipation Notes	104.
E-14	Schedule of Bonds and Notes Authorized but Not Issued	105.

POOL UTILITY CAPITAL FUND

F-4	Schedule of Cash – Treasurer – December 31, 2011	106.
F-5	Analysis of Cash	107.
F-6	Schedule of Improvement Authorizations	108.
F-7	Schedule of Fixed Capital Authorized and Uncompleted	109.
F-8	Schedule of Capital Improvement Fund	110.
F-9	Schedule of Deferred Reserve for Amortization	110.
F-10	Schedule of Pool Utility Capital Serial Bonds	111.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

TABLE OF CONTENTS

Page

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

Report on Internal Control Over Financial Report and on Compliance
And Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards 112 & 113.

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS	114 to 116.
FOLLOW-UP ON PRIOR YEAR FINDINGS	117.
RECOMMENDATIONS	117.
APPRECIATION	117.

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
 of the Borough Council
 Borough of Spring Lake
 County of Monmouth
 Spring Lake, New Jersey 07762

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Spring Lake (the “Borough”), as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Borough’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Length of Service Awards Program Fund (“LOSAP”) of the Borough have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Borough’s financial statements. However, the LOSAP financial activities are included in the Borough’s Trust Funds, and represent 20% and 22% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Borough’s Trust Funds.

As discussed more fully in Note 1, the Borough prepares its basic financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than 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 our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2011 and 2010, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance- regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds 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 a report dated March 28, 2012 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and 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 opinion on the financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Independent Auditors

Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158

March 28, 2012

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - CURRENT FUND****Exhibit A
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	A-4	\$ 4,510,296.33	3,931,507.39
Cash - Certificate of Deposit			600,000.00
Change Fund - Collector		100.00	100.00
Change Fund - Municipal Clerk		50.00	50.00
Change Fund - Municipal Court			200.00
	A-4	<u>4,510,446.33</u>	<u>4,531,857.39</u>
Receivables with Full Reserves:			
Property Taxes Receivable	A-5	176,745.17	209,258.29
Property Acquired for Taxes		7,700.00	7,700.00
Interfund-Trust- Unemployment	B	557.55	557.55
Interfund-General Capital	C	1.75	55.95
Interfund-Grants	Contra	<u>127,140.28</u>	<u>174,207.49</u>
	Contra	<u>312,144.75</u>	<u>391,779.28</u>
Total Current Fund		<u>4,822,591.08</u>	<u>4,923,636.67</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-12	<u>1,213,254.09</u>	<u>1,459,004.09</u>
		<u>1,213,254.09</u>	<u>1,459,004.09</u>
Total Assets		<u>\$ 6,035,845.17</u>	<u>6,382,640.76</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - CURRENT FUND**Exhibit A
Sheet 2 of 2**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3,9	\$ 1,145,877.02	1,102,628.16
Encumbrances	A-3-9	251,203.90	207,970.84
Prepaid Taxes	A-4	361,674.91	384,538.88
Due State Veterans and Senior Citizens	A-6	4,145.43	4,895.43
Added Taxes Due County	A-10	46,722.44	69,531.53
Reserve for:			
Bond Anticipation Notes	A-3	100,248.00	100,248.00
Bonds	A	271,230.09	271,230.09
Marucci Park	A-4	7,388.75	105,000.00
Tax Map	A-4	3,350.00	2,850.00
2nd Avenue Improvement	A-4		109,288.75
LOSAP Payment	A-3	27,261.87	4,098.03
Tree Replacement	A-4	35,923.84	20,262.69
E & S Inspections	A-4	15,182.86	37,843.31
Donation	A-4	2,493.27	2,493.52
Library - State Aid	A	42.52	42.52
Deposit for Beach Stores	A	2,000.00	2,000.00
Deposit for Boat Slip	A	830.00	830.00
Due to Trust - Other	B	76,177.96	7,847.00
Total Liabilities		2,351,752.86	2,433,598.75
Reserve for Receivables	Contra	312,144.75	391,779.28
Fund Balance	A-1	2,158,693.47	2,098,258.64
Total Current Fund		4,822,591.08	4,923,636.67
<u>Federal and State Grant Fund</u>			
Appropriation Reserves	A-13	1,064,929.95	1,259,359.33
Unappropriated Reserves	A-14	21,183.86	25,437.27
Interfund - Current Fund	Contra	127,140.28	174,207.49
		1,213,254.09	1,459,004.09
Total Liabilities, Reserves and Fund Balance		\$ 6,035,845.17	6,382,640.76

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**Exhibit A-1
Sheet 1 of 2****STATEMENT OF OPERATIONS AND CHANGE****IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,925,000.00	1,925,959.01
Miscellaneous Revenue Anticipated	A-2	1,276,442.97	1,658,836.87
Receipts from Current Taxes	A-2	21,927,098.95	21,935,583.96
Receipts from Delinquent Taxes	A-2	209,258.29	150,867.58
Non-Budget Revenue	A-2	434,389.24	343,175.78
Other Credits to Income:			
Reserves Cancelled	A-4	2,415.98	
Interfunds Liquidated	A	47,121.41	
Appropriation Reserves Lapsed	A-8,9	1,158,429.67	1,287,140.57
Current Year Appropriations Cancelled	A-3	6,215.85	42,481.06
Accounts Payable Cancelled	A-9		31,846.26
		<u>26,986,372.36</u>	<u>27,375,891.09</u>
<u>Expenditures</u>			
Budget Appropriations:			
Within Caps:			
Operations:			
Salaries and Wages	A-3	3,639,324.00	3,453,569.00
Other Expenses	A-3	2,418,745.00	2,551,264.54
Deferred Charges and Statutory Expenditures	A-3	784,508.75	645,484.62
Excluded from Caps:			
Operations:			
Salaries and Wages	A-3	194,150.00	382,790.08
Other Expenses	A-3	1,431,865.13	1,704,631.98
Capital Improvements	A-3	643,000.00	508,000.00
Debt Service	A-3	766,562.46	980,563.03
County Taxes	A-10	8,987,876.19	9,137,087.05
Local District School Taxes	A-11	6,066,906.00	6,027,215.00
Special Business Tax	A-2	68,000.00	68,000.00
Interfunds Issued	A		68,304.18
Prior Year Revenue			13,746.09
Expenditures		<u>25,000,937.53</u>	<u>25,540,655.57</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit A-1
Sheet 2 of 2

6.

STATEMENT OF OPERATIONS AND CHANGE**IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue		1,985,434.83	1,835,235.52
Fund Balance January 1	A	<u>2,098,258.64</u>	<u>2,188,982.13</u>
		4,083,693.47	4,024,217.65
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>1,925,000.00</u>	<u>1,925,959.01</u>
Fund Balance December 31	A	<u>\$ 2,158,693.47</u>	<u>2,098,258.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit A-2 7.
Sheet 1 of 2**CURRENT FUND****STATEMENT OF REVENUES - DECEMBER 31, 2011****REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 1,925,000.00	1,925,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-7	7,300.00	5,880.20	(1,419.80)
Other	A-7	6,500.00	9,935.00	3,435.00
Fines and Costs:	A-7			
Municipal Court	A-7	81,000.00	78,690.20	(2,309.80)
Interest and Costs on Taxes	A-4	47,000.00	54,760.98	7,760.98
Interest on Investments	A-7	11,000.00	9,938.86	(1,061.14)
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	A-7	303,368.00	303,368.00	-
Uniform Construction Code Fees	A-7	119,500.00	173,678.00	54,178.00
Uniform Fire Safety Act	A-7	4,200.00	12,319.30	8,119.30
Regional Code Construction Department	A-7	204,150.00	204,103.64	(46.36)
Drunk Driving Enforcement Fund	A-12	2,517.56	2,517.56	-
Clean Communities	A-12	10,055.56	10,055.56	-
Energy Block Grant	A-12	20,000.00	20,000.00	-
Recycling Tonnage	A-12	10,657.01	10,657.01	-
Green Communities	A-12	3,000.00	3,000.00	-
Alcohol Education and Rehabilitation Fund	A-12	603.28	603.28	-
Body Armor - Police	A-12	1,603.86	1,603.86	-
Hotel Tax	A-7	210,000.00	215,331.52	5,331.52
N.J. Transportation Grant	A-12	160,000.00	160,000.00	-
Total Miscellaneous Revenues	A-1	1,202,455.27	1,276,442.97	73,987.70
Receipts From Delinquent Taxes	A-1	205,000.00	209,258.29	4,258.29
		3,332,455.27	3,410,701.26	78,245.99
Amount to be Raised by Local Taxes for Support of Municipal Budget	A-2	6,945,700.07	7,204,316.76	258,616.69
Total General Revenues		<u>\$ 10,278,155.34</u>	10,615,018.02	<u>336,862.68</u>
Non-Budget Revenue	A-2		434,389.24	
			<u>\$ 11,049,407.26</u>	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit A-2 8.
Sheet 2 of 2**CURRENT FUND****STATEMENT OF REVENUES - DECEMBER 31, 2011****REGULATORY BASIS**

	<u>Ref.</u>		
<u>Current Tax Collections</u>			
Allocation of Current Collections:			
Revenue from Collections	A-5	\$ 21,927,098.95	
Less: Allocated to School and County Taxes	A-5	15,054,782.19	
Allocated to Business Tax	A-5	<u>68,000.00</u>	
		15,122,782.19	
		<u>6,804,316.76</u>	
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>400,000.00</u>	
		<u>\$ 7,204,316.76</u>	
<u>Miscellaneous Revenue Not Anticipated</u>			
Revenue Accounts Receivable	A-7	\$ 400,494.41	
Engineering Fees		11,900.00	
Other		<u>21,994.83</u>	
	A-4	<u>33,894.83</u>	
	A-1		<u>\$ 434,389.24</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 1 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

GENERAL GOVERNMENT

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Administrative and Executive					
Salaries and Wages	\$ 92,500.00	92,815.34	92,815.34	-	
Other Expenses	27,750.00	24,434.66	21,063.87	3,370.79	
Mayor and Council					
Salaries and Wages	19,189.00	19,189.00	19,189.00	-	
Other Expenses	1,500.00	1,500.00	1,445.00	55.00	
Municipal Clerk					
Salaries and Wages	110,500.00	118,721.42	118,721.42	-	
Other Expenses	32,400.00	24,014.48	19,908.38	4,106.10	
Financial Administration					
Salaries and Wages	15,500.00	16,513.75	16,513.75	-	
Other Expenses	13,400.00	12,386.25	10,706.19	1,680.06	
Auditing Services					
Other Expenses	18,000.00	18,000.00	18,000.00	-	
Tax Assessment Administration					
Salaries and Wages	29,100.00	29,100.00	29,089.06	10.94	
Other Expenses	36,150.00	25,150.00	13,610.58	11,539.42	
Revenue Administration - Tax Collector					
Salaries and Wages	106,000.00	100,600.00	96,558.49	4,041.51	
Other Expenses	8,200.00	8,200.00	7,531.80	668.20	
Legal Services					
Other Expenses	105,000.00	144,000.00	144,000.00	-	
Engineering Services					
Other Expenses	64,500.00	59,500.00	54,500.00	5,000.00	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 2 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	38,500.00	38,500.00	37,980.41	519.59	
Other Expenses	43,675.00	43,675.00	29,095.11	14,579.89	
Code Enforcement					
Salaries and Wages	15,000.00	15,000.00	13,875.00	1,125.00	
Other Expenses	1,000.00	1,000.00	193.02	806.98	
Zoning Official					
Salaries and Wages	26,000.00	26,000.00	26,000.00	-	
Other Expenses	500.00	500.00		500.00	
<u>Insurance</u>					
Group Plan for Employees	646,387.00	637,387.00	557,749.77	79,637.23	
General Liability	122,423.00	122,423.00	118,199.07	4,223.93	
Workmen's Compensation	159,500.00	159,500.00	159,500.00	-	
<u>Public Safety</u>					
Police					
Salaries and Wages	1,506,155.00	1,506,155.00	1,455,704.71	50,450.29	
Other Expenses	96,700.00	96,700.00	93,044.98	3,655.02	
Dispatching-Interlocal					
Salaries and Wages	229,500.00	250,900.00	248,621.66	2,278.34	
Other Expenses	25,400.00	9,400.00	9,367.69	32.31	
Office of Emergency Management					
Salaries and Wages	3,000.00	3,000.00	2,999.88	0.12	
Other Expenses	7,500.00	7,500.00	7,432.00	68.00	
First Aid Organization					
Other Expenses	19,000.00	17,252.50	15,616.95	1,635.55	
Fire Department					
Salaries and Wages	1,640.00	1,640.00	1,640.00	-	
Other Expenses	60,000.00	60,000.00	59,760.00	240.00	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 3 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public Works</u>					
Streets and Roads					
Other Expenses	22,500.00	22,500.00	21,070.62	1,429.38	
Other Public Works Functions					
Salaries and Wages	1,339,000.00	1,339,000.00	1,308,563.72	30,436.28	
Other Expenses	20,720.00	22,110.00	20,820.58	1,289.42	
Solid Waste Collection					
Other Expenses	750.00	750.00	200.00	550.00	
Vehicle Maintenance					
Other Expenses	74,500.00	73,110.00	71,805.14	1,304.86	
Public Buildings					
Other Expenses	34,000.00	34,000.00	32,531.61	1,468.39	
Shade Tree Commission					
Other Expenses	2,500.00	2,500.00	2,500.00	-	
<u>Health and Human Services</u>					
Board of Health					
Salaries and Wages	3,240.00	3,240.00	3,240.00	-	
Other Expenses	100.00	100.00	78.84	21.16	
Public Health Priorities Funding Act of 1977 - Contractual	46,100.00	46,100.00	45,208.75	891.25	
Dog Regulation - Other Expenses	8,000.00	9,900.00	9,900.00	-	
<u>Parks and Recreation</u>					
Recreation Services and Programs					
Salaries and Wages	22,000.00	11,000.00	11,000.00	-	
NJ Bloodborne Pathogens					
Other Expenses	90.00	90.00	64.00	26.00	
Maintenance of Parks					
Other Expenses	40,000.00	40,000.00	39,500.62	499.38	
Accumulated Leave Compensation					
Salaries and Wages	60,000.00	60,000.00	60,000.00	-	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 4 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	35,500.00	35,500.00	33,760.00	1,740.00	
Utility Expenses and Bulk Purchases:					
Electricity	90,000.00	90,000.00	75,635.74	14,364.26	
Street Lighting	92,000.00	78,100.00	69,853.14	8,246.86	
Telephone	48,000.00	48,000.00	35,950.33	12,049.67	
Gas	60,000.00	60,000.00	50,586.44	9,413.56	
Gasoline	55,000.00	67,000.00	66,651.41	348.59	
Landfill/Solid Waste Disposal Costs-Tipping Fees	138,500.00	138,500.00	126,212.23	12,287.77	
Payment To Water-Sewer Utility for Water	145,000.00	145,000.00	145,000.00	-	
<u>Uniform Construction Code - Appropriations</u>					
<u>Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Construction Official					
Salaries and Wages	17,500.00	17,500.00	17,143.65	356.35	
Unclassified:					
Life Hazard Fire Safety Fees:					
Code Official					
Salaries and Wages	5,000.00	6,747.50	6,747.50	-	
Other Expenses	1,800.00	1,800.00	1,657.53	142.47	
Unemployment Tax					
Other Expenses	12,000.00	12,000.00	12,000.00	-	
Drug Addiction					
Other Expenses	2,700.00	2,700.00	1,937.79	762.21	
Total Operations Within Caps	6,058,069.00	6,057,904.90	5,770,052.77	287,852.13	-

The accompanying Notes to Financial Statements are an integral part of this statement.

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2011REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Deferred Charges and Statutory Expenditures - Municipal</u>					
<u>Within Caps</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	221,112.00	221,112.00	221,112.00	-	
Police & Firemen's Retirement System	358,761.60	358,761.60	358,761.60		
Social Security System (O.A.S.I.)	202,835.15	202,999.25	202,999.25	-	
Catastrophic Illness	1,800.00	1,800.00	631.50	-	1,168.50
Total Deferred Charges and Statutory Expenditures - Municipal Within Caps	784,508.75	784,672.85	783,504.35	-	1,168.50
Total General Appropriations for Municipal Purposes Within Caps	6,842,577.75	6,842,577.75	6,553,557.12	287,852.13	1,168.50
<u>Operations Excluded from "Caps"</u>					
Maintenance of Free Public Library (Per R.S. 40:54-80)	1,114,564.86	1,114,564.86	262,777.94	851,786.92	
L.O.S.A.P. - Contribution	42,500.00	42,500.00	42,500.00	-	
Group Health Insurance	78,613.00	78,613.00	78,613.00		
Total Operations Excluded from "Caps"	1,235,677.86	1,235,677.86	383,890.94	851,786.92	-
<u>Interlocal Municipal Service Agreements</u>					
911 Services	5,000.00	5,000.00	4,592.97	407.03	
Domestic Violence Response Team	1,500.00	1,500.00	1,500.00	-	
Monmouth County Special Response Team	1,500.00	1,500.00	1,000.00	500.00	
CMFO-Belmar	16,250.00	16,250.00	16,250.00		
Municipal Court					
Other Expenses	113,500.00	113,500.00	113,500.00	-	
Regional Construction Code Enforcement Department					
Salaries and Wages	194,150.00	194,150.00	194,150.00	-	
Other Expenses	10,000.00	10,000.00	4,669.06	5,330.94	
Total Interlocal Municipal Service Agreements	341,900.00	341,900.00	335,662.03	6,237.97	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 6 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

Public and Private Programs Offset by Revenues

Municipal Court Alcohol Education and Rehabilitation

Other Expenses

Green Communities

Other Expenses

Energy Block Grant

Other Expenses

Body Armor

Other Expenses

Recycling Grant

Other Expenses

DDEF

Other Expenses

Clean Communities

Other Expenses

Total Public and Private Programs Offset by Revenues

Total Operations Excluded from Caps

Capital Improvements Excluded from Caps

Capital Improvement Fund

Road Improvements-Newark

Improvements To Pool

N.J. DOT Trust Fund

Total Capital Improvements Excluded from Caps

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
	603.28	603.28	603.28	-	
		3,000.00	3,000.00		
	20,000.00	20,000.00	20,000.00		
	1,603.86	1,603.86	1,603.86		
	10,657.01	10,657.01	10,657.01	-	
	2,517.56	2,517.56	2,517.56		
	10,055.56	10,055.56	10,055.56	-	
	45,437.27	48,437.27	48,437.27	-	
	1,623,015.13	1,626,015.13	767,990.24	858,024.89	-
	13,000.00	13,000.00	13,000.00		
	170,000.00	170,000.00	170,000.00	-	
	300,000.00	300,000.00	300,000.00		
	160,000.00	160,000.00	160,000.00		
	643,000.00	643,000.00	643,000.00	-	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2011

REGULATORY BASIS

Municipal Debt Service - Excluded from Caps

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Payment of Bond Principal	292,859.00	292,859.00	292,859.00		
Interest on Bonds	149,603.46	149,603.46	149,603.46		
Payment of Bond Anticipation Notes	300,000.00	300,000.00	300,000.00		
Interest on Notes	24,100.00	24,100.00	19,052.65		5,047.35
Total Municipal Debt Service Excluded from Caps	<u>766,562.46</u>	<u>766,562.46</u>	<u>761,515.11</u>	<u>-</u>	<u>5,047.35</u>
Total General Appropriations for Municipal Purposes Excluded from Caps	<u>3,032,577.59</u>	<u>3,035,577.59</u>	<u>2,172,505.35</u>	<u>858,024.89</u>	<u>5,047.35</u>
Sub-Total General Appropriations	9,875,155.34	9,878,155.34	8,726,062.47	1,145,877.02	6,215.85
Reserve for Uncollected Taxes	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>	<u>-</u>	
	<u>\$ 10,275,155.34</u>	<u>10,278,155.34</u>	<u>9,126,062.47</u>	<u>1,145,877.02</u>	<u>6,215.85</u>
<u>Ref.</u>		<u>A-1</u>		<u>A</u>	<u>A-1</u>
Budget					
Added by NJS 40A:4-87		\$ 10,275,155.34			
		<u>3,000.00</u>			
		<u>\$ 10,278,155.34</u>			
<u>Analysis of Paid or Charged</u>					
Disbursed			\$ 8,274,471.30		
Federal and State Grants			208,437.27		
Accounts Payable			243,153.90		
Reserved for Uncollected Taxes			400,000.00		
			<u>\$ 9,126,062.47</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - TRUST FUND****Exhibit B****REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Dog License Fund			
Cash	B-1	\$ 858.33	175.13
		<u>858.33</u>	<u>175.13</u>
Other Funds:			
Cash	B-1	1,603,798.55	1,450,907.50
Due From Current Fund	B-9	76,177.96	7,847.00
		<u>1,679,976.51</u>	<u>1,458,754.50</u>
Length of Service Award Programs - Unaudited:			
Investments		<u>433,250.54</u>	<u>407,189.58</u>
Total Assets		<u>\$ 2,114,085.38</u>	<u>1,866,119.21</u>
<u>Liabilities and Reserves</u>			
Dog License Fund:			
Reserve for:			
Due to State	B-3	\$ 1.20	-
Dog Fund Expenditures	B-2	857.13	175.13
		<u>858.33</u>	<u>175.13</u>
Other Funds:			
Reserve for:			
Unemployment Insurance	B-4	1,324.34	3,654.88
Interfund Current	A	557.55	557.55
Marriage License Fees Due State of N.J.	B-5	610.00	560.00
Engineering Fees	B-7	101,783.16	82,917.51
Recreation Commission	B-6	41,420.94	38,507.94
Mt. Laurel Trust	B-8	1,252,219.04	1,109,348.08
Law Enforcement	B-10	17,122.26	24,776.37
Planning Board I	B-11	180,728.41	188,177.66
Planning Board II	B-12	789.85	801.61
Monmouth Ave. Security	B-13	1,231.04	1,228.78
Junior Lifeguards	B-14	6,011.96	377.12
Reserve for Off Duty Police	B-9	4,283.50	3,721.00
Reserve for Recycling	B-9	10,413.24	2,956.78
Reserve for Accumulated Absences	B-9	60,000.25	0.25
Reserve P.O.A.A.	B-9	1,480.97	1,168.97
		<u>1,679,976.51</u>	<u>1,458,754.50</u>
Length of Service Award Programs - Unaudited:			
Reserve for Length of Service Award Programs		<u>433,250.54</u>	<u>407,189.58</u>
Total Liabilities and Reserves		<u>\$ 2,114,085.38</u>	<u>1,866,119.21</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - GENERAL CAPITAL FUND****Exhibit C****DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash - Checking	C-2	\$ 317,366.50	480,896.58
Deferred Charges to Future Taxation			
Funded		2,812,527.00	3,105,386.00
Unfunded	C-4	2,445,875.00	2,745,875.00
		<u>5,258,402.00</u>	<u>5,851,261.00</u>
Total Assets		<u>\$ 5,575,768.50</u>	<u>\$ 6,332,157.58</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 2,812,527.00	3,105,386.00
Due to Current Fund	C-3	1.75	55.95
Bond Anticipation Notes	C-8	2,109,250.00	2,409,250.00
Capital Improvement Fund	C-5	96,500.00	83,500.00
Reserve For:			
Newark Avenue	C-2	46,709.23	
Pool Improvements	C-2	146,018.40	
Improvement Authorizations:			
Funded	C-6	11,186.30	143,298.91
Unfunded	C-6	304,174.93	538,379.07
Fund Balance	C-1	<u>49,400.89</u>	<u>52,287.65</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,575,768.50</u>	<u>6,332,157.58</u>

There were Bonds and Notes authorized but not issued on December 31, 2010 for \$336,625.00 and on December 31, 2011 for \$336,625.00 (Exhibit C-9).

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-1****STATEMENT OF FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31 2010	C	\$ 52,287.65
Decreased By:		
Premium Disbursed	C-2	<u>2,886.76</u>
Balance December 31, 2011	C	<u><u>\$ 49,400.89</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D**
Sheet 1 of 2**DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-4	\$ 529,560.88	290,726.03
Accounts Receivable:			
Consumer Accounts Receivable	D-6	170,730.79	476,900.65
		170,730.79	476,900.65
Total Operating Fund		700,291.67	767,626.68
<u>Capital Fund</u>			
Cash	D-4	3,560,257.10	55,279.49
Fixed Capital	D-10	5,324,305.24	5,324,305.24
Fixed Capital Authorized and Uncompleted	D-13	4,745,813.00	4,745,813.00
		10,070,118.24	10,070,118.24
Total Capital Fund		13,630,375.34	10,125,397.73
Total Assets		\$ 14,330,667.01	10,893,024.41

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY FUND****DECEMBER 31,****Exhibit D
Sheet 2 of 2****REGULATORY BASIS**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-3	\$ 38,388.21	104,915.47
Encumbrances	D-3	75,005.45	37,458.19
Interfund - Current			
Accrued Interest on Bonds	D-9	37,180.37	49,384.25
Reserve for Overpayments		81.33	81.33
		<u>150,655.36</u>	<u>191,839.24</u>
Reserve for Receivables		170,730.79	476,900.65
Fund Balance	D-1	<u>378,905.52</u>	<u>98,886.79</u>
Total Operating Fund		<u>700,291.67</u>	<u>767,626.68</u>
<u>Capital Fund</u>			
Serial Bonds	D-16	4,870,806.00	1,834,171.00
Bond Anticipation Notes	D-15	3,558,317.00	3,658,317.00
Improvement Authorizations:			
Funded	D-12	12,079.76	13,114.76
Unfunded	D-12	201,029.13	201,029.13
Encumbrances	D-5	4,055.00	4,615.00
Cash Held to Pay Notes	D-5	260,000.00	
Capital Improvement Fund	D-11	13,550.00	13,550.00
Reserve for Amortization	D-14	3,785,587.24	3,582,222.24
Deferred Reserve for Amortization	D-8	910,408.00	810,408.00
Fund Balance	D-5	<u>14,543.21</u>	<u>7,970.60</u>
Total Capital Fund		<u>13,630,375.34</u>	<u>10,125,397.73</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,330,667.01</u>	<u>10,893,024.41</u>

There were Bonds and Notes authorized but not issued on December 31, 2011 of \$279,000.00 and \$279,000.00 at December 31, 2010 (Exhibit D-17).

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHWATER-SEWER UTILITY CAPITAL FUND

Exhibit D-a

STATEMENT OF FUND BALANCEREGULATORY BASIS

Balance December 31, 2010	<u>Ref.</u> D	\$ 7,970.60
Increased By:		
Premium on Bond Sale	D-5	<u>6,572.61</u>
Balance December 31, 2011	D	<u>\$ 14,543.21</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

WATER-SEWER UTILITY OPERATING FUND**STATEMENT OF OPERATIONS AND****CHANGES IN FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-2	\$ 69,680.80	68,000.00
Water-Sewer Fees	D-2	2,254,725.70	2,018,780.67
Current Water Usage	D-2	145,000.00	345,000.00
Miscellaneous Revenue Not Anticipated	D-2	294,146.45	174,517.01
Other Credits to Income:			
Current Appropriations Cancelled	D-3	2,642.87	44,186.34
Appropriation Reserves Lapsed	D-7	104,084.51	330.50
		<u>2,870,280.33</u>	<u>2,650,814.52</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	D-3	184,000.00	188,000.00
Other Expenses	D-3	215,650.00	215,400.00
Payment to South Monmouth Regional Sewerage Authority	D-3	830,900.00	769,100.00
N.J. Water Supply Authority	D-3	115,000.00	115,000.00
Monmouth County Improvement Authority	D-3		499,500.00
SEMMUA	D-3	517,105.80	
Financial Administration - Salaries and Wages	D-3	21,600.00	21,000.00
Financial Administration - Other Expenses	D-3	18,500.00	16,000.00
Engineering Services	D-3	5,000.00	5,000.00
Utility Expenses	D-3	92,500.00	84,500.00
Insurance	D-3	66,750.00	63,860.00
Debt Service	D-3	408,365.00	378,649.44
Deferred Charges and Statutory Expenditures	D-3	45,210.00	196,467.67
		<u>2,520,580.80</u>	<u>2,552,477.11</u>
Excess Revenue		349,699.53	98,337.41
Fund Balance January 1	D	<u>98,886.79</u>	<u>68,549.38</u>
		448,586.32	166,886.79
Decreased by:			
Anticipated as Current Year Revenue	D-2	<u>69,680.80</u>	<u>68,000.00</u>
Fund Balance December 31	D	<u>\$ 378,905.52</u>	<u>98,886.79</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND**

Exhibit D-2

STATEMENT OF REVENUES - YEAR 2011**REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 69,680.80	69,680.80	
Rents - Water and Sewer	D-1	2,000,000.00	2,104,725.70	104,725.70
Rate Increase By Ordinance	D-1	150,000.00	150,000.00	
Current Fund Water Use	D-4	145,000.00	145,000.00	
Miscellaneous	D-1	155,900.00	294,146.45	138,246.45
		<u>\$ 2,520,580.80</u>	<u>2,763,552.95</u>	<u>242,972.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-3

WATER-SEWER OPERATION FUND

STATEMENT OF EXPENDITURES - YEAR 2011

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 184,000.00	184,000.00	183,466.26	533.74	
Other Expenses	215,650.00	215,650.00	184,682.67	30,967.33	
Payments to South Monmouth Regional					
Sewerage Authority	830,900.00	830,900.00	830,887.92		12.08
N.J. Water Supply Authority	115,000.00	115,000.00	113,102.68		1,897.32
Monmouth County Improvement Authority					
Financial Administration - Salaries and Wages	21,600.00	21,600.00	20,469.92	1,130.08	
Financial Administration - Other Expenses	18,500.00	18,500.00	18,500.00	-	
Engineering Services	5,000.00	5,000.00	1,747.50	3,252.50	
Utility Expenses	92,500.00	92,500.00	92,452.69	47.31	
Group Insurance For Employees	41,750.00	41,750.00	39,367.95	2,382.05	
Workmen's Compensation	14,000.00	14,000.00	14,000.00	-	
Other Insurance	11,000.00	11,000.00	11,000.00	-	
Debt Service:					
Payment of Bond Principal	203,365.00	203,365.00	203,365.00	-	
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00	-	
Interest on Bonds	75,000.00	75,000.00	75,000.00	-	
Interest on Notes	30,000.00	30,000.00	29,266.53		733.47
Deferred Charges:					
Prior Year Bill-S.E.M.M.U.A.	517,105.80	517,105.80	517,105.80		
Statutory Expenditures:					
Contribution to:					
Public Employee's Retirement System	29,481.60	29,481.60	29,481.60	-	
Social Security System (O.A.S.I.)	15,728.40	15,728.40	15,653.20	75.20	
Total Water-Sewer Utility Appropriations	<u>\$2,520,580.80</u>	<u>2,520,580.80</u>	<u>2,479,549.72</u>	<u>38,388.21</u>	<u>2,642.87</u>
	<u>Ref.</u>	<u>D-1</u>	<u>D</u>	<u>D</u>	<u>D-1</u>
Encumbrances	D		\$ 75,005.45		
Disbursed	D-4		2,329,544.27		
Accrued Interest on Bonds	D-9		75,000.00		
			<u>\$2,479,549.72</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTHExhibit E ^{25.}
Sheet 1 of 2**BALANCE SHEET - DEDICATED BEACH UTILITY****REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash		\$ 325,442.46	353,869.19
Certificate of Deposit			100,000.00
	E-4	<u>325,442.46</u>	<u>453,869.19</u>
Total Operating Fund		<u>325,442.46</u>	<u>453,869.19</u>
<u>Capital Fund</u>			
Cash		583,132.08	248,564.03
Certificate of Deposit			300,000.00
	E-4	<u>583,132.08</u>	<u>548,564.03</u>
Fixed Capital		2,966,008.07	2,966,008.07
Fixed Capital Authorized and Uncompleted	E-8	<u>1,160,000.00</u>	<u>1,160,000.00</u>
Total Capital Fund		<u>4,709,140.15</u>	<u>4,674,572.10</u>
Total Assets		<u>\$ 5,034,582.61</u>	<u>5,128,441.29</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	E-3,6	\$ 30,050.65	32,364.92
Encumbrances	E-3	16,144.69	20,734.56
Fund Balance	E-1	<u>279,247.12</u>	<u>400,769.71</u>
Total Operating Fund		<u>325,442.46</u>	<u>453,869.19</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BALANCE SHEET - DEDICATED BEACH UTILITY****Exhibit E**
Sheet 2 of 2**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
<u>Capital Fund</u>			
Serial Bonds	E-12	694,666.00	897,442.00
Bond Anticipation Notes	E-13	378,750.00	418,750.00
Improvement Authorizations:			
Funded	E-7	5,261.39	5,693.34
Unfunded	E-7	303,788.73	299,788.73
Encumbrances	E-7		4,000.00
Capital Improvement Fund	E-9	226,250.00	191,250.00
Reserve to Pay Bonds	E-10	95,481.96	95,481.96
Reserve for Deferred Amortization		268,750.00	228,750.00
Reserve for Amortization	E-11	2,735,792.07	2,533,016.07
Fund Balance	E-a	400.00	400.00
Total Capital Fund		<u>4,709,140.15</u>	<u>4,674,572.10</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 5,034,582.61</u>	<u>5,128,441.29</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$48,050.00 and \$48,050.00 at December 31, 2010. (Exhibit E-14)

The accompanying Notes to Financial Statements are an integral part of this statement.

BEACH UTILITY CAPITAL FUND**STATEMENT OF FUND BALANCE****Exhibit E-a****REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2011 & 2010	E	<u>\$ 400.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**DEDICATED BEACH UTILITY****Exhibit E-1****STATEMENT OF OPERATIONS AND****CHANGE IN OPERATING FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Operating Fund Balance Anticipated	E-2	\$ 391,943.00	275,000.00
Beach Fees	E-2	2,276,399.50	2,335,443.50
Miscellaneous Revenue	E-2	109,569.73	135,501.91
Other Credits to Income:			
Budget Appropriations Cancelled	E-3	4,804.45	0.13
Accounts Payable Cancelled	E	3,273.00	2,163.73
Miscellaneous Revenue Not Anticipated	E-4	8.81	377.68
Appropriation Reserves Lapsed	E-6	32,364.92	62,351.81
		<u>2,818,363.41</u>	<u>2,810,838.76</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	E-3	1,429,000.00	1,401,600.00
Other Expenses	E-3	569,053.00	537,003.01
Capital Improvements	E-3	60,000.00	35,000.00
Debt Service	E-3	291,151.00	294,031.99
Statutory Expenditures	E-3	198,739.00	164,196.90
		<u>2,547,943.00</u>	<u>2,431,831.90</u>
Excess in Revenue		270,420.41	379,006.86
Fund Balance January 1	E	<u>400,769.71</u>	<u>296,762.85</u>
		671,190.12	675,769.71
Decreased by:			
Utilized as Anticipated Revenue	E-2	<u>391,943.00</u>	<u>275,000.00</u>
Fund Balance December 31	E	<u><u>\$ 279,247.12</u></u>	<u><u>400,769.71</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

DEDICATED BEACH UTILITY**Exhibit E-2****STATEMENT OF REVENUES - 2011****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Operating Surplus Anticipated	E-1	\$ 391,943.00	391,943.00	
Beach Fees	E-1-4	2,034,000.00	2,276,399.50	242,399.50
Miscellaneous Revenue	E-1-4	122,000.00	109,569.73	(12,430.27)
		<u>\$ 2,547,943.00</u>	<u>2,777,912.23</u>	<u>229,969.23</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-3
Sheet 1 of 2

DEDICATED BEACH UTILITY

STATEMENT OF EXPENDITURES - 2011

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 839,500.00	838,500.00	830,970.35	7,529.65	
Other Expenses	84,550.00	63,535.00	63,397.24	137.76	
Maintenance:					
Salaries and Wages	364,000.00	364,000.00	362,678.97	1,321.03	
Other Expenses	47,100.00	47,100.00	46,906.84	193.16	
Financial Administration:					
Other Expenses	8,003.00	8,003.00	8,003.00	-	
Police:					
Salaries and Wages	126,500.00	126,500.00	118,554.45	7,945.55	
Salaries and Wages - Beach Patrol	100,000.00	100,000.00	98,777.05	1,222.95	
Other Expenses	32,900.00	32,900.00	31,396.41	1,503.59	
Legal:					
Other Expenses	5,000.00	5,000.00	4,998.21	1.79	
Insurance:					
Other Insurance	144,000.00	144,000.00	142,748.00	1,252.00	
Group Insurance	63,000.00	63,000.00	60,008.13	2,991.87	
Vehicle Maintenance:					
Other Expenses	22,000.00	25,500.00	24,556.72	943.28	
Utility Expenses:					
Other Expenses	49,500.00	63,015.00	59,657.71	3,357.29	
Engineering:					
Other Expenses	15,000.00	15,000.00	14,349.27	650.73	
Contribution to:					
Water-Sewer Utility	19,500.00	19,500.00	19,500.00	-	
Sanitary Landfill	80,000.00	80,000.00	80,000.00	-	
First Aid	2,500.00	2,500.00	2,500.00	-	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-3
Sheet 2 of 2

DEDICATED BEACH UTILITY

STATEMENT OF EXPENDITURES - 2011

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Capital Improvements:					
Capital Improvement Fund	35,000.00	35,000.00	35,000.00	-	
Capital Outlay	25,000.00	25,000.00	24,000.00	1,000.00	
Debt Service:					
Payment of Bond Principal	202,776.00	202,776.00	202,776.00	-	
Payment of Bond Anticipation Notes and Capital Notes	40,000.00	40,000.00	40,000.00	-	
Interest on Bonds	40,000.00	40,000.00	39,668.20	-	331.80
Interest on Notes	8,375.00	8,375.00	3,902.35	-	4,472.65
Statutory Expenditures:					
Public Employees' Retirement System	29,481.60	29,481.60	29,481.60	-	
Social Security System (O.A.S.I.)	109,395.00	109,395.00	109,395.00	-	
Unemployment Compensation	15,000.00	20,000.00	20,000.00	-	
Police & Firemen's Retirement System	39,862.40	39,862.40	39,862.40	-	
	<u>\$ 2,547,943.00</u>	<u>2,547,943.00</u>	<u>2,513,087.90</u>	<u>30,050.65</u>	<u>4,804.45</u>
Encumbrances			\$ 16,144.69	E	E-1
Disbursed			<u>2,496,943.21</u>		
			<u>\$ 2,513,087.90</u>		

Ref.
E
E-4

The accompanying Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET - DEDICATED POOL UTILITY**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	F-4	\$ 200,474.76	198,396.61
Total Operating Fund		<u>200,474.76</u>	<u>198,396.61</u>
<u>Capital Fund</u>			
Cash	F-4	176,605.64	229,914.34
Fixed Capital Authorized and Uncompleted	F-7	750,000.00	750,000.00
		<u>926,605.64</u>	<u>979,914.34</u>
Total Assets		<u>\$ 1,127,080.40</u>	<u>1,178,310.95</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	F-3	\$ 37,111.24	27,719.97
Encumbrances	F-3	10,938.86	3,484.27
Fund Balance	F-1	152,424.66	167,192.37
Total Operating Fund		<u>200,474.76</u>	<u>198,396.61</u>
<u>Capital Fund</u>			
Serial Bonds	F-10	422,000.00	465,000.00
Improvement Authorizations:			
Funded	F-6	9,193.86	71,996.89
Encumbrances	F-6	740.00	21,245.67
Capital Improvement Fund	F-8	156,500.00	126,500.00
Deferred Reserve for Amortization	F-9	328,000.00	285,000.00
Fund Balance	F-a	10,171.78	10,171.78
Total Capital Fund		<u>926,605.64</u>	<u>979,914.34</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 1,127,080.40</u>	<u>1,178,310.95</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

POOL UTILITY CAPITAL FUND**STATEMENT OF FUND BALANCE**

Exhibit F-a

REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2011 and 2010	F	<u>\$ 10,171.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**DEDICATED POOL UTILITY**

Exhibit F-1

STATEMENT OF OPERATIONS AND**OPERATING FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	F-2	\$ 91,026.30	38,000.00
Pool Fees by Ordinance	F-2	527,802.50	505,784.00
Miscellaneous Revenue	F-2	73,656.53	84,433.44
Other Credits to Income:			
Budget Appropriations Cancelled	F-3		33.05
Appropriation Reserves Lapsed	F	29,799.56	44,151.34
		<u>722,284.89</u>	<u>672,401.83</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	F-3	303,000.00	288,265.00
Other Expenses	F-3	194,950.00	175,794.23
Debt Service	F-3	65,156.00	64,488.50
Capital	F-3	30,000.00	30,000.00
Statutory Expenditures	F-3	52,920.30	34,452.27
		<u>646,026.30</u>	<u>593,000.00</u>
Excess in Revenue		76,258.59	79,401.83
Fund Balance January 1		<u>167,192.37</u>	<u>125,790.54</u>
		243,450.96	205,192.37
Less: Surplus Utilized as Anticipated Revenue	F-2	<u>91,026.30</u>	<u>38,000.00</u>
Fund Balance December 31	F	<u>\$ 152,424.66</u>	<u>167,192.37</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**DEDICATED POOL UTILITY****Exhibit F-2****STATEMENT OF REVENUES - 2011****REGULATORY BASIS**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Surplus Anticipated	\$ 91,026.30	91,026.30	
Pool Fees by Ordinance	490,000.00	527,802.50	37,802.50
Miscellaneous Revenue	65,000.00	73,656.53	8,656.53
	<u>\$ 646,026.30</u>	<u>692,485.33</u>	<u>46,459.03</u>

Ref.

F-1

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit F-3
Sheet 1 of 2

DEDICATED POOL UTILITY

STATEMENT OF EXPENDITURES - 2011

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 195,000.00	195,000.00	176,974.62	18,025.38	-
Other Expenses	32,500.00	32,500.00	20,247.14	12,252.86	
Administrative and Executive					
Salaries and Wages	9,000.00	9,000.00	8,696.48	303.52	-
Other Expenses	1,250.00	1,250.00	1,250.00	-	
Audit Services					
Other Expenses	5,200.00	5,200.00	5,200.00	-	-
Legal Services					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Insurance:					
Liability	19,600.00	19,600.00	18,904.00	696.00	-
Workmen's Compensation	20,000.00	20,000.00	20,000.00	-	-
Group Plan for Employees	20,900.00	20,900.00	19,625.68	1,274.32	-
Other Public Works Functions					
Salaries and Wages	99,000.00	99,000.00	98,471.30	528.70	-
Other Expenses	58,000.00	58,000.00	55,057.99	2,942.01	-
Electric	17,000.00	17,000.00	17,000.00	-	-
Telephone	500.00	500.00	411.55	88.45	-
Landfill	5,000.00	5,000.00	5,000.00	-	-
Water	14,000.00	14,000.00	14,000.00	-	-

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit F-3
Sheet 2 of 2

DEDICATED POOL UTILITY

STATEMENT OF EXPENDITURES - 2011

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Capital Improvements:					
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	-	-
Debt Service					
Payment of Bond Principal	43,000.00	43,000.00	43,000.00	-	-
Interest on Bonds	22,156.00	22,156.00	22,156.00	-	-
Statutory Expenditures:					
Social Security System (O.A.S.I.)	23,179.50	23,179.50	23,179.50	-	-
Unemployment Compensation	15,000.00	15,000.00	15,000.00	-	-
Public Employees Retirement System	14,740.80	14,740.80	14,740.80	-	-
	<u>\$ 646,026.30</u>	<u>646,026.30</u>	<u>608,915.06</u>	<u>37,111.24</u>	<u>-</u>
Ref.			F-4	F	F-1
Encumbered			\$ 597,976.20		
Disbursed			<u>10,938.86</u>		
			<u>\$ 608,915.06</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET - FIXED ASSETS**Exhibit G****DECEMBER 31,****REGULATORY BASIS**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
General Fixed Assets:		
Building and Land	\$ 14,709,480.00	14,709,480.00
Machinery and Equipment	<u>7,038,155.00</u>	<u>6,966,081.00</u>
Total Assets	<u>\$ 21,747,635.00</u>	<u>21,675,561.00</u>
<u>Reserves</u>		
Reserve for Fixed Assets	<u>\$ 21,747,635.00</u>	<u>21,675,561.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SPRING LAKE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Spring Lake, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Spring Lake as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid Organization or volunteer fire company, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The 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 the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2011.

B. Description of Funds

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

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those required in the Current Fund.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

General Fixed Assets – record fixed assets.

Grant Funds – record Federal and State grants.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

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

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Foreclosed Property – Foreclosed property is recorded in the Current Fund as the assessed valuation when such property was acquired and is fully reserved.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

Utility Fixed Assets

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

Property and equipment purchased by the Water-Sewer Utility Fund, the Beach and Pool Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be prepared in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division, which differs 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**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.

NOTE 2: DEBT

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

Summary of Municipal Debt

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 4,921,777.00	5,514,636.00	6,195,477.00
Water-Sewer Utility, Beach and Pool Utility:			
Bonds and Notes	<u>9,924,339.00</u>	<u>7,273,680.00</u>	<u>7,805,641.00</u>
Net Debt Issued	<u>14,846,116.00</u>	<u>12,788,316.00</u>	<u>14,001,118.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	336,625.00	336,625.00	336,625.00
Water-Sewer Utility, Beach and Pool Utility:			
Bonds and Notes	<u>327,050.00</u>	<u>327,050.00</u>	<u>327,050.00</u>
Total Authorized but not Issued	<u>663,675.00</u>	<u>632,275.00</u>	<u>632,275.00</u>
Less: Funds Held for Payment of Bonds and Notes	<u>726,960.05</u>	<u>469,960.05</u>	<u>315,116.51</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 14,782,830.95</u>	<u>12,950,630.95</u>	<u>14,318,276.49</u>

NOTE 2: DEBT (CONTINUED)**A. Long-Term Debt**

The Borough's long-term debt is summarized as follows:

General Capital Fund

Variable Rate General Improvements Serial Bonds Issued December 1, 2002 due through December 1, 2018 – 2% to 5%	\$ 125,000.00
Variable Rate General Improvements Serial Bonds Issued December 1, 2004 through December 1, 2020 – 3% to 5.25%	1,700,000.00
Variable Rate Refunding Bonds issued April 12, 2007 payable December 31, 2008 through December 31, 2018 – 4% - 5%	<u>987,527.00</u>
	<u>\$ 2,812,527.00</u>

Water-Sewer Utility Capital Fund

Variable rate loan for issued bonds December 14, 1995 with Maturities July 15, 1996 Due through July 15, 2014 3.65% to 5.50%	\$ 190,000.00
Variable rate Water-Sewer Utility General Improvement Bonds Issued December 1, 2002 due through December 1, 2018 3% to 5%	19,000.00
Variable Rate Water-Sewer Utility General Improvement Bonds Issued December 1, 2004 due through December 1, 2021 3% to 5.25%	678,000.00
Variable Rate Water-Sewer Refunding Bonds Issued April 12, 2007 due December 1, 2008 through December 1, 2021 4% to 5%	743,806.00
Variable Rate Water-Sewer General Improvement Bonds Issued December 1, 2011 due through December 1, 2032 2% to 5%	<u>3,240,000.00</u>
	<u>\$ 4,870,806.00</u>

The bonds mature serially in installments to the year 2032.

Beach Utility Capital

Variable Rate General Improvements:	
December 1, 2002 through December 1, 2013 @ 3% to 5%	\$ 27,000.00
December 1, 2004 through December 1, 2015 @ 3% to 5.25%	383,000.00
Variable Rate Refunding Bonds:	
Issued April 12, 2007 Maturing on December 1, 2008 through December 1, 2017 - \$5 to 5%	<u>284,666.00</u>
	<u>\$ 694,666.00</u>

NOTE 2: DEBT (CONTINUED)**A. Long-Term Debt (Continued)****Pool Utility Capital Fund**

Variable Rate Pool Utility General Improvement Bonds Issued

December 1, 2004 due through December 1, 2019 – 3% to 5.25% \$ 422,000.00**Summary of Statutory Debt Condition – Annual Debt Statement – December 31, 2011**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.40%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,445,000.00	1,445,000.00	
Pool, Beach & Water-Sewer Utility Debt	10,251,389.00	10,251,389.00	
General Debt	<u>5,258,402.00</u>	<u>371,478.09</u>	<u>4,886,923.91</u>
	<u>\$ 16,954,791.00</u>	<u>12,067,867.00</u>	<u>4,886,923.91</u>

Net Debt \$4,886,923.91 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$3,416,526,567 = 0.14%.

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

3% of Equalized Valuation Basis (Municipal)	\$ 102,495,797.01
Net Debt	<u>4,886,923.91</u>
Remaining Borrowing Power	<u>\$ 97,608,873.10</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>		<u>Beach, Pool and Water-Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 309,678.00	136,009.10	357,322.00	118,008.42
2013	324,399.00	121,631.96	372,601.00	103,395.54
2014	336,953.00	108,016.00	390,047.00	90,051.50
2015	350,615.00	93,055.84	404,385.00	75,816.66
2016	365,271.00	77,319.08	264,728.00	60,378.42
2017-2021	<u>1,125,610.00</u>	<u>168,172.24</u>	<u>958,389.00</u>	<u>144,867.78</u>
	<u>\$ 2,812,526.00</u>	<u>704,204.22</u>	<u>2,747,472.00</u>	<u>592,518.32</u>

NOTE 2: DEBT (CONTINUED)**Calculation of "Self-Liquidating Purpose" Water-Sewer Utility Per N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,870,280.33
Deductions:		
Operating and Maintenance Cost	2,112,215.80	
Debt Service Per Water-Sewer Account	<u>408,365.00</u>	
		<u>2,520,580.80</u>
Excess in Revenue		<u>\$ 349,699.53</u>

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

Cash Receipts From Fees, Rents or Other Charges for Year		\$ 2,797,912.23
Deductions:		
Operating and Maintenance Cost	2,196,792.00	
Debt Service	<u>291,151.00</u>	
		<u>2,487,943.00</u>
Excess in Revenues		<u>\$ 289,969.23</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 692,485.33
Deductions:		
Operating and Maintenance Cost	550,870.30	
Debt Service	<u>65,156.00</u>	
		<u>616,026.30</u>
Excess in Revenues		<u>\$ 76,459.03</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

NOTE 2: DEBT (CONTINUED)**B. Short-Term Debt****Water-Sewer Capital**

Bond Anticipation Notes issued 10/14/11 maturing 10/13/12 @ 1.75% \$ 3,558,317.00

General Capital Fund

Bond Anticipation Notes issued 4/14/11 maturing 4/13/11 @ 2.00% 2,109,250.00

Beach Capital

Bond Anticipation Notes issued 4/20/11 maturing 4/13/11 @ 2.00% 378,750.00

NOTE 3: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund	\$1,925,000.00
Beach Utility Operating Fund	265,009.28
Water-Sewer Utility Operating Fund	174,573.49
Pool Utility Operating Fund	103,205.70

NOTE 4: PENSIONS

Employees who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of State of New Jersey. The three State-administered plans are: (1) the Public Employee's Retirement System; (2) the Consolidated Police and Firemen's Pension Fund, and (3) the Police and Firemen's Retirement System. The Division annually charge municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employee's. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$579,873.60 for 2011 and \$576,225.99 for 2010.

Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

NOTE 5: CASH AND CASH EQUIVALENTS**A. Deposits**

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

NOTE 5: CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities. At June 30, 1999 (the date of the Fund's most recent report), the balance available in the Reserve Fund was slightly in excess of one and seven tenths percent of the value of "Other Than State" participant assets held by the Fund.

The carrying amount of the Borough's deposits at year-end including certificates of deposit was \$12,195,474.02. Of this amount \$200,500.00 was covered by Federal depository insurance and the remaining \$11,994,974.02 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

B. 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 of America or obligations guaranteed by the United States of America.
- (2) Government money market mutual funds.

NOTE 5: CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

- (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 located within the Borough.
- (5) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (6) Municipal investment pools.
- (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 public-depository as defined in section 1 of P.L. 1970, c. 236 (C. 17:9-41);
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.
- 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 instruments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Cash and cash equivalents included petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

NOTE 5: CASH AND CASH EQUIVALENTS (CONTINUED)**C. Cash Management Plan**

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified to credit risk by the following categories described below:

	Bank Balance	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
<u>Depository Account</u>		
Insured:		
FDIC	\$ 200,500.00	206,161.90
GUDPA	<u>11,994,974.02</u>	<u>8,025,168.88</u>
	<u>\$ 12,195,474.02</u>	<u>8,231,330.78</u>

Custodial Credit Risk – Deposits

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

State law limits investments as noted above.

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

NOTE 6: TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	<u>\$361,674.91</u>	<u>384,538.88</u>
Cash Liability for Taxes Collected in Advance	<u>\$361,674.91</u>	<u>384,538.88</u>

NOTE 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (Collector) on or before May 13th.

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

NOTE 8: DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9: LITIGATION

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits, of which the Borough is aware, appear to be with the stated policy limits and would be deferred by the respective carriers.

NOTE 10: FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Borough of Spring Lake in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

NOTE 12: DEFERRED COMPENSATION

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Borough through a program administrator, Nationwide Retirement Solutions. The program had a balance of \$1,136,950.64 at December 31, 2011.

All compensation deferred under the program and all income attributable to these amount are solely the property of the employee.

Federal law effective August 20, 1996 provides that deferrals under Section 457 are to be held in trust for the exclusive benefits of participants and their beneficiaries.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES – DECEMBER 31, 2011

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
Current Fund	\$ 127,699.58	76,177.96
Trust	76,177.96	557.55
General Capital		1.75
Grants		<u>127,140.28</u>
	<u>\$ 203,877.54</u>	<u>203,877.54</u>

Fees collected or expenses paid from one fund due another.

NOTE 14: ACCRUED SICK BENEFITS

The Borough has permitted employees, within certain limitations, to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough at December 31, 2011 has a balance of \$416,613.84, of which \$60,000.25 is funded..

NOTE 15: SIGNIFICANT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2010. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2011 through March 28, 2012.

NOTE 16: SUBSEQUENT EVENTS

On March 13, 2012 the Borough introduced an ordinance for the construction of a North End Pavilion and pool for \$6,000,000.00 to be funded by the beach and pool utilities as follows:

Beach Utility	\$ 1,500,000.00 (Authorized bonds of \$1,425,000.00)
Pool Utility	4,500,000.00 (Authorized bonds of \$4,275,000.00)

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	Year 2011		Year 2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,925,000.00	7.1	1,925,959.01	7.0
Miscellaneous - From Other Than Local Property				
Tax Levies	2,925,015.12	10.9	3,363,480.54	12.3
Collection of Delinquent Taxes and Tax Title Liens	209,258.29	0.7	150,867.58	0.6
Collection of Current Tax Levy	21,927,098.95	81.3	21,935,583.96	80.1
	<u>26,986,372.36</u>	<u>100.0</u>	<u>27,375,891.09</u>	<u>100.0</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	9,878,155.34	39.5	10,226,303.25	40.0
County Taxes	8,987,876.19	36.0	9,137,087.05	35.8
Local School Tax	6,066,906.00	24.2	6,027,215.00	23.6
Special Business Tax	68,000.00	0.3	68,000.00	0.3
Other Expenditures			82,050.27	0.3
Total Expenditures	<u>25,000,937.53</u>	<u>100.0</u>	<u>25,540,655.57</u>	<u>100.0</u>
Excess in Revenue	1,985,434.83		1,835,235.52	
Fund Balance January 1	<u>2,098,258.64</u>		<u>2,188,982.13</u>	
	4,083,693.47		4,024,217.65	
Less: Utilized as Anticipated Revenue	<u>1,925,000.00</u>		<u>1,925,959.01</u>	
Fund Balance December 31	<u>\$ 2,158,693.47</u>		<u>2,098,258.64</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER-SEWER OPERATING FUND**

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 69,680.80	2.4	68,000.00	2.6
Collection of Water-Sewer Rents	2,399,725.70	83.6	2,363,780.67	89.2
Miscellaneous - Other Than Water-Sewer Rents	400,873.83	14.0	219,033.85	8.2
Total Income	<u>2,870,280.33</u>	<u>100.0</u>	<u>2,650,814.52</u>	<u>100.0</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	2,067,005.80	82.0	1,977,360.00	77.5
Debt Service	408,365.00	16.2	378,649.44	14.8
Deferred Charges and Statutory Expenditures	45,210.00	1.8	196,467.67	7.7
Total Expenditures	<u>2,520,580.80</u>	<u>100.0</u>	<u>2,552,477.11</u>	<u>100.0</u>
Excess/(Deficit) in Revenue	349,699.53		98,337.41	
Fund Balance January 1	<u>98,886.79</u>		<u>68,549.38</u>	
	448,586.32		166,886.79	
Less: Utilization by Water-Sewer				
Operating Budget	<u>69,680.80</u>		<u>68,000.00</u>	
Fund Balance December 31	<u>\$ 378,905.52</u>		<u>98,886.79</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN SURPLUS -
BEACH UTILITY FUND**

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 391,943.00	13.9	275,000.00	9.8
Beach Fees	2,276,399.50	80.8	2,335,443.50	83.1
Miscellaneous from Other Than Beach Fees	150,020.91	5.3	200,395.26	7.1
Total Income	<u>2,818,363.41</u>	<u>100.0</u>	<u>2,810,838.76</u>	<u>100.0</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,998,053.00	78.5	1,938,603.01	79.7
Capital Improvements	60,000.00	2.3	35,000.00	1.4
Debt Service	291,151.00	11.4	294,031.99	12.1
Deferred Charges & Other Expenditures	198,739.00	7.8	164,196.90	6.8
Total Expenditures	<u>2,547,943.00</u>	<u>100.0</u>	<u>2,431,831.90</u>	<u>100.0</u>
Excess in Revenue	270,420.41		379,006.86	
Fund Balance January 1	<u>400,769.71</u>		<u>296,762.85</u>	
	671,190.12		675,769.71	
Less: Utilization as Anticipated Revenue	<u>391,943.00</u>		<u>275,000.00</u>	
Fund Balance December 31	<u>\$ 279,247.12</u>		<u>400,769.71</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN SURPLUS -
POOL UTILITY FUND**

	Year 2011		Year 2010	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Operating Surplus Anticipated	\$ 91,026.30	12.6	38,000.00	5.7
Pool Fees	527,802.50	73.1	505,784.00	75.2
Miscellaneous from Other Than Pool Fees	103,456.09	14.3	128,617.83	19.1
Total Income	<u>722,284.89</u>	<u>100.0</u>	<u>672,401.83</u>	<u>100.0</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	497,950.00	77.1	464,059.23	78.3
Capital Improvements	30,000.00	4.6	30,000.00	5.1
Debt Service	65,156.00	10.1	64,488.50	10.9
Deferred Charges and Statutory Expenditures	52,920.30	8.2	34,452.27	5.7
Total Expenditures	<u>646,026.30</u>	<u>100.0</u>	<u>593,000.00</u>	<u>100.0</u>
Excess in Revenue	76,258.59		79,401.83	
Fund Balance January 1	<u>167,192.37</u>		<u>125,790.54</u>	
	243,450.96		205,192.37	
Less: Utilization as Anticipated Revenue	<u>91,026.30</u>		<u>38,000.00</u>	
Fund Balance December 31	<u>\$ 152,424.66</u>		<u>167,192.37</u>	

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections 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>% of Collection</u>
2011	\$ 22,159,590.23	21,927,098.95	98.79%
2010	22,203,756.67	21,935,583.96	98.79%
2009	21,928,304.29	21,749,018.04	99.18%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended Dec. 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ -	176,745.17	176,745.17	0.80%
2010	-	209,258.29	209,258.29	0.94%
2009	-	150,867.58	150,867.58	0.68%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2011	\$ 7,700.00
2010	7,700.00
2009	7,700.00

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2011	\$ 1,948,555.84	2,254,725.70 *
2010	2,254,917.00	2,018,780.67 *
2009	1,745,537.65	1,745,537.65 *

*Includes collections against prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2011	\$ 2,158,693.47	1,925,000.00
	2010	2,098,258.64	1,925,000.00
	2009	2,188,982.13	1,825,959.01
	2008	2,067,298.69	1,609,661.00
	2007	2,265,093.03	1,592,200.00
<u>Water-Sewer Utility</u>	2011	378,905.52	174,573.49
	2010	98,886.79	69,680.80
	2009	68,549.38	68,000.00
	2008	184,520.41	165,000.00
	2007	107,026.98	107,000.00
<u>Beach Utility</u>	2011	279,247.12	265,009.28
	2010	499,769.71	391,943.00
	2009	296,762.85	275,000.00
	2008	293,551.33	275,000.00
	2007	434,389.82	350,000.00
<u>Pool Utility</u>	2011	152,422.66	103,205.70
	2010	167,192.37	91,026.30
	2009	125,790.54	38,000.00
	2008	86,904.14	38,000.00
	2007	32,937.98	30,000.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Tax Rate	\$ 0.647	0.649	0.645

Apportionment of Tax Rate

Municipal	\$ 0.205	0.203	0.200
County	0.263	0.268	0.260
Local School	0.179	0.178	0.185

Assessed Valuation

2011	\$3,396,523,040.00
2010	3,385,775,268.00
2009	3,385,610,710.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Jennifer Naughton	Mayor	
Janice Venables	Councilwoman, Council President	
William C. Fay III	Councilman	
Robert Drasheff	Councilman	
Gary J. Rich	Councilman To 6/8/2011	
Neil Kennett	Councilman From 6/28/2011	
Frank Quinn	Councilman	
Priscilla Rielly	Councilwoman	
W. Bryan Dempsey	Borough Business Administrator	
Jane L Gillespie	Borough Clerk, Registrar of Vital Statistics and Office for Searches for Municipal Improvements	
Dina M. Partusch	Deputy Borough Clerk	
Robbin Kirk	Chief Financial Officer	
Susan M. Schreck	Collector, Certifying Agent and Tax Search Officer	\$ 1,000,000.00
Frances Florentine	Purchasing Agent, Assistant Treasurer	
George C. Pappas	Judge ** To 9/30/2011	
Dennis Lavender	Judge *** From 10/1/2011	
Anna M. Kuntz	Court Administrator ** To 9/30/2011	(1)
Kathryn Garrecht	Court Administrator *** From 10/1/2011	(2)
Joseph J. Colao, Jr.	Attorney	
Daniel Finn	Beach Manager, Pool Manager	
Albert P. Ratz	Uniform Construction Code Official, Building Sub-Code Official and Fire Sub-Code Official	
Stephen K Roe	Code Enforcement Official	
Matthew Zahorsky	Zoning Officer	
Wayne Clark & John Quigley	Plumbing Sub-Code Official	
Michael Giblin	Fire Official - Inspection	
Frank Phillips	Borough Superintendent	
Peter Avakian	Engineer	
Michael Sullivan & Jean Verrier	Electrical Inspector	
Brian Enright	Assessor	

Corporate Surety

(1) Interlocal service agreement with Borough of Spring Lake Heights-bonded by Spring Lake Heights

(2) Interlocal service agreement with Borough of Belmar-bonded by Belmar

There was \$250,000.00 with the Joint Insurance Fund for "Faithful Performance Blanket Coverage".
The Beach Manager is covered under this policy.

All of the bonds were examined and were properly executed.

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4
Sheet 1 of 2

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Balance December 31, 2010	A	\$ 4,531,857.39	-
Increased by:			
Various Reserves	A	32,860.09	
Taxes Receivable	A-5	21,709,568.36	
Prepaid Taxes	A	361,674.91	
State of New Jersey Veterans & Senior Citizens	A-6	41,500.00	
Revenue Accounts Receivable	A-7	1,413,739.13	
Federal and State Grants Receivable	A-12		428,750.00
Federal and State Grants Unappropriated	A-14		21,183.86
Miscellaneous Revenue Not Anticipated	A-2		
Tax Overpayments	Contra	33,894.83	
Change Funds	Contra	51,683.06	
Petty Cash	Contra	12,000.00	
Other	Contra	100.00	
Trust-Other	A	34,364.09	
Interfund Water-Sewer Operating		158,275.14	
Interfund Pool Capital	Contra	1,003.05	
Interfund Beach Capital	Contra	225,000.00	
Interfund Grants	Contra	75,000.00	
Interfund Capital	Contra	47,067.21	
Interest on Taxes	C	54.20	
	A-2	54,760.98	
		<u>24,252,545.05</u>	<u>449,933.86</u>
		28,784,402.44	449,933.86

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

Exhibit A-4
Sheet 2 of 2

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Decreased by:			
Interfund Grants	Contra		
Various Reserves	A	239,363.50	47,067.21
Petty Cash	Contra	100.00	
Change Funds	Contra	12,200.00	
Interfund Water-Sewer Operating	Contra	1,003.05	
Interfund Beach Capital	Contra	75,000.00	
Interfund Pool Capital	Contra	225,000.00	
Budget Appropriations	A-3	8,274,471.30	
State Construction Fees	A	15,630.41	
Trust-Other	A	89,944.18	
Tax Overpayments	Contra	51,683.06	
Accounts Payable	A-9	144,119.33	
Business District Tax	A-2	68,000.00	
County Taxes Payable	A-10	9,010,685.28	
Local District School Tax	A-11	6,066,906.00	
Federal and State Grants Appropriated	A-13 & Contra		402,866.65
		24,274,106.11	449,933.86
Balance December 31, 2011	A	\$ 4,510,296.33	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS

OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	Cash		Veterans and Senior Citizens	State- County Board Cancellations	Balance Dec. 31, 2011
Prior	\$ 209,258.29		2010	2011			
2011		22,159,590.23	384,538.88	209,258.29 21,500,310.07	42,250.00	55,746.11	176,745.17
	\$ 209,258.29	22,159,590.23	384,538.88	21,709,568.36	42,250.00	55,746.11	176,745.17
Ref.	A		A	A-4	A-6		A

Ref.

Analysis of Tax Levy

General Purpose Tax				\$ 22,044,998.31			
Added Taxes				114,591.92			
						\$ 22,159,590.23	
Local District School Tax (Abstract)							
General County Tax (Abstract)		A-11		8,434,312.12	\$ 6,066,906.00		
County Open Space Fund (Abstract)				506,841.63			
Added Taxes Due County - 2011				46,722.44			
Business District Tax		A-12			8,987,876.19		
Local Taxes for Municipal Purposes		A-1		68,000.00			
Added Taxes		A-2		6,945,700.07 159,107.97			
					7,104,808.04		
					\$ 22,159,590.23		

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-6****SCHEDULE OF DUE TO STATE OF NEW JERSEY****PER CHAPTER 20, P.L. 1971**

	<u>Ref.</u>		
Balance December 31, 2010 (Due To)	A		\$ 4,895.43
Increased by:			
Senior citizens Disallowed		250.00	
Receipts From State of New Jersey	A-4	<u>41,500.00</u>	
			<u>41,750.00</u>
			46,645.43
Decreased by:			
Deductions Per Tax Billing:			
Senior Citizens		1,500.00	
Veterans		40,250.00	
Veterans Allowed		<u>750.00</u>	
	A-5		<u>42,500.00</u>
Balance December 31, 2011 (Due To)	A		<u><u>\$ 4,145.43</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-7****SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Accrued</u>	<u>Receipts</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 5,880.20	5,880.20
Food Handlers	A-2	7,900.00	7,900.00
Raffle	A-2	950.00	950.00
Hotel	A-2	905.00	905.00
Garage Sales	A-2	180.00	180.00
Municipal Court	A-2	78,690.20	78,690.20
Uniform Construction Code Fees	A-2	173,678.00	173,678.00
Energy Receipts Tax	A-2	303,368.00	303,368.00
Regional Code Construction Dept.	A-2	204,103.64	204,103.64
Uniform Fire Safety Act	A-2	12,319.30	12,319.30
Interest on Investments	A-2	9,938.86	9,938.86
Hotel Tax	A-2	215,331.52	215,331.52
		<u>1,013,244.72</u>	<u>1,013,244.72</u>
Miscellaneous Revenue Not Anticipated:			
Street Opening		45,633.00	45,633.00
HIF & JIF Dividend		89,349.59	89,349.59
Snowstorm		47,593.79	47,593.79
Code Official Fees		31,275.00	31,275.00
Zoning Board		29,900.00	29,900.00
Verizon Franchise		16,501.46	16,501.46
FEMA		92,464.57	92,464.57
Cable Franchise		47,777.00	47,777.00
	A-2	<u>400,494.41</u>	<u>400,494.41</u>
	A-4	<u>\$ 1,413,739.13</u>	<u>1,413,739.13</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-8****SCHEDULE OF APPROPRIATION RESERVES**

	<u>Ref.</u>	
Balance December 31, 2010		<u>\$ 1,102,628.16</u>
Decreased by:		
Lapsed to Operations	A-1	<u>\$ 1,102,628.16</u>

SCHEDULE OF ACCOUNTS PAYABLE**Exhibit A-9**

	<u>Ref.</u>		
Balance December 31, 2010	A		\$ 207,970.84
Increased by:			
Budget	A-3		<u>243,153.90</u>
			451,124.74
Decreased by:			
Disbursed	A-4	144,119.33	
Lapsed to Surplus	A-1	<u>55,801.51</u>	
			<u>199,920.84</u>
Balance December 31, 2011	A		<u>\$ 251,203.90</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**Exhibit A-10****CURRENT FUND****SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2010	<u>Ref.</u> A		\$ 69,531.53
Increased by:			
2011 Levy:			
General County Tax		8,434,312.12	
County Open Space Fund		506,841.63	
Added Taxes Due County - 2011		<u>46,722.44</u>	
	A-5		<u>8,987,876.19</u>
			<u>9,057,407.72</u>
Decreased by:			
Payments	A-4		<u>9,010,685.28</u>
Balance December 31, 2011	A		<u><u>\$ 46,722.44</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**Exhibit A-11**

2011 Levy - Calendar Year	<u>Ref.</u> A-5	\$ 6,066,906.00
Decreased by:		
Payments	A-4	<u><u>\$ 6,066,906.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-12

SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Received	Balance Dec. 31, 2011
New Jersey Department of Transportation:				
2011		160,000.00	120,000.00	40,000.00
2009	160,000.00		160,000.00	
2010	225,000.00		128,750.00	96,250.00
Green Communities		3,000.00		3,000.00
Energy Grant		20,000.00	20,000.00	
Monmouth County Rain Garden	4,624.09			4,624.09
Monmouth county- First Aid Building	169,030.00			169,030.00
Wreck Pond Environmental	198,400.00			198,400.00
N.J. Historic Trust	526,950.00			526,950.00
Monmouth County-Open Space Grant	175,000.00			175,000.00
	<u>\$1,459,004.09</u>	<u>183,000.00</u>	<u>428,750.00</u>	<u>1,213,254.09</u>
Ref.	A	A-3	A-4	A

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-13

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Transfer from 2011 Budget Appropriations	Expended	Balance Dec. 31, 2011
New Jersey Department of Transportation:				
2009	\$ 160,000.00		160,000.00	160,000.00
2010	156,225.00		156,225.00	-
2011		160,000.00		
Historic Trust	472,871.29			472,871.29
Rain Garden	4,704.50			4,704.50
Verizon-Rain Garden	781.59			781.59
Clean Energy		20,000.00	20,000.00	-
Monmouth County-First Aid Bldg	169,030.00			169,030.00
Monmouth County-Open Space Grant	54,720.68		54,720.68	-
Green Communities		3,000.00	2,990.00	10.00
Body Armor	7.00	1,603.86		1,610.86
Drunk Driving Enforcement	16,671.74	2,517.56	142.00	19,047.30
Clean Communities	18,129.92	10,055.56	8,788.97	19,396.51
Alcohol Education and Rehabilitation	2,498.92	603.28		3,102.20
Playground Safety	35.15			35.15
Wreck Pond Environmental Study	191,275.00			191,275.00
Emergency Management	975.12			975.12
Stormwater Regulations	1,160.40			1,160.40
Recycling Tonnage	10,273.02	10,657.01		20,930.03
	<u>\$ 1,259,359.33</u>	<u>208,437.27</u>	<u>402,866.65</u>	<u>1,064,929.95</u>
Ref.	A	A-3	A-4	A

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-14

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2010	Budget	Receipts	Balance Dec. 31, 2011
Alcohol Education and Rehabilitation	\$ 603.28	\$ 603.28	107.87	107.87
Body Armor	1,603.86	1,603.86	1,607.70	1,607.70
Recycling Tonnage	10,657.01	10,657.01	6,190.25	6,190.25
Drunk Driving Enforcement	2,517.56	2,517.56	1,848.26	1,848.26
Over Limit			1,600.00	1,600.00
Clean Communities	10,055.56	10,055.56	9,829.78	9,829.78
	<u>\$ 25,437.27</u>	<u>25,437.27</u>	<u>21,183.86</u>	<u>21,183.86</u>
Ref.	A	A-12	A-4	A

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit B-1

TRUST FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2010	B	\$ 175.13	1,450,907.50
Increased by Receipts:			
Dog and Cat Receipts	B-2	11,403.00	
State Registration Fees	B-3	284.40	
Unemployment Insurance	B-4		62,917.20
Marriage License Fees	B-5		800.00
Recreation Fees	B-6		109,414.12
Engineering Fees	B-7		62,356.30
Mt. Laurel Trust	B-8		156,850.82
Law Enforcement	B-10		16.65
Planning Board I	B-11		5,343.63
Monmouth Avenue Security	B-13		2.26
Junior Lifeguards	B-14		24,935.00
		<u>11,687.40</u>	<u>422,635.98</u>
		11,862.53	1,873,543.48
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15-11	B-2	10,721.00	
State Registration Fees	B-3	283.20	
Unemployment Insurance	B-4		65,247.74
Marriage License Fees	B-5		750.00
Recreation Commission	B-6		106,501.12
Engineering Fees	B-7		43,490.65
Mount Laurel	B-8		13,979.86
Law Enforcement	B-10		7,670.76
Planning Board I	B-11		12,792.88
Planning Board II	B-12		11.76
Junior Lifeguards	B-14		19,300.16
		<u>11,004.20</u>	<u>269,744.93</u>
Balance December 31, 2011	B	\$ 858.33	<u>1,603,798.55</u>

SCHEDULE OF RESERVE FOR DOG AND CAT**Exhibit B-2****FUND EXPENDITURES**

Balance December 31, 2010	<u>Ref.</u> B		\$ 175.13
Increased by Receipts:			
Dog License Fees Collected		1,503.00	
Budget Appropriations		<u>9,900.00</u>	
	B-1		<u>11,403.00</u>
			11,578.13
Decreased by:			
Expenditures Under R.S.4:19-15.1	B-1		<u>10,721.00</u>
Balance December 31, 2011	B		<u><u>\$ 857.13</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**DUE TO/(FROM) STATE OF NEW JERSEY****Exhibit B-3**

Increased by:	<u>Ref.</u>	
Dog License Fees Collected	B-1	<u>\$ 284.40</u>
Decreased by:		
State Registration Fees Paid	B-1	<u>283.20</u>
Balance December 31, 2011 - Due to	B	<u><u>\$ 1.20</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

70.

SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE**Exhibit B-4**

Balance December 31, 2010	<u>Ref.</u> B		\$ 3,654.88
Increased by:			
Budget Appropriations		12,000.00	
Deposits		<u>50,917.20</u>	
	B-1		<u>62,917.20</u>
			66,572.08
Decreased by:			
State Billings	B-1		<u>65,247.74</u>
Balance December 31, 2011	B		<u><u>\$ 1,324.34</u></u>

SCHEDULE OF RESERVE FOR MARRIAGE LICENSE FEES**DUE STATE OF NEW JERSEY****Exhibit B-5**

Balance December 31, 2010	<u>Ref.</u> B		\$ 560.00
Increased by:			
Fees Collected	B-1		<u>800.00</u>
			1,360.00
Decreased by:			
Paid to State of New Jersey	B-1		<u>750.00</u>
Balance December 31, 2011	B		<u><u>\$ 610.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-6****SCHEDULE OF RESERVE FOR RECREATION COMMISSIONERS**

Balance December 31, 2010	<u>Ref.</u> B	\$ 38,507.94
Increased by:		
Receipts	B-1	<u>109,414.12</u>
		147,922.06
Decreased by:		
Disbursements	B-1	<u>106,501.12</u>
Balance December 31, 2011	B	<u><u>\$ 41,420.94</u></u>

SCHEDULE OF DEPOSITS FOR ENGINEERING FEES**ESSEX AND SUSSEX DEVELOPMENT****Exhibit B-7**

Balance December 31, 2010	<u>Ref.</u> B	\$ 82,917.51
Increased by:		
Receipts	B-1	<u>62,356.30</u>
		145,273.81
Decreased by:		
Disbursements	B-1	<u>43,490.65</u>
Balance December 31, 2011	B	<u><u>\$ 101,783.16</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**Exhibit B-8****TRUST FUND****SCHEDULE OF RESERVES FOR MT. LAUREL TRUST**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 1,109,348.08
Increased by:		
Receipts	B-1	<u>156,850.82</u>
		1,266,198.90
Decreased by:		
Disbursed	B-1	<u>13,979.86</u>
Balance December 31, 2011	B	<u><u>\$ 1,252,219.04</u></u>

SCHEDULE OF DUE FROM CURRENT FUND**Exhibit B-9**

	<u>Ref.</u>	
Balance December 31, 2009	B	\$ 7,847.00
Increased by:		
Receipts Deposited In Current Fund		<u>158,275.14</u>
		166,122.14
Decreased by:		
Disbursements Made in Current		<u>89,944.18</u>
Balance December 31, 2010	B	<u><u>\$ 76,177.96</u></u>

Analysis of Balance

P.O.A.A.	\$ 1,480.97
Recycling	10,413.24
Accumulated Absences	60,000.25
Off-Duty Police	<u>4,283.50</u>
	<u><u>\$ 76,177.96</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

73.

TRUST FUND**Exhibit B-10****SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 24,776.37
Increased by:		
Receipts	B-1	<u>16.65</u>
		24,793.02
Decreased by:		
Disbursements	B-1	<u>7,670.76</u>
Balance December 31, 2011	B	<u><u>\$ 17,122.26</u></u>

SCHEDULE OF RESERVE FOR PLANNING BOARD**Exhibit B-11**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 188,177.66
Increased by:		
Receipts	B-1	<u>5,343.63</u>
		193,521.29
Decreased by:		
Disbursements	B-1	<u>12,792.88</u>
Balance December 31, 2011	B	<u><u>\$ 180,728.41</u></u>

SCHEDULE OF RESERVE FOR PLANNING BOARD II**Exhibit B-12**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 801.61
Decreased by:		
Disbursements	B-1	<u>11.76</u>
Balance December 31, 2011	B	<u><u>\$ 789.85</u></u>

SCHEDULE OF MONMOUTH AVE. SECURITY**Exhibit B-13**

	<u>Ref.</u>	
Balance December 31, 2010	B	\$ 1,228.78
Increased by:		
Receipts	B-1	<u>2.26</u>
Balance December 31, 2011	B	<u><u>\$ 1,231.04</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**Exhibit B-14****TRUST FUND****SCHEDULE OF RESERVES FOR JUNIOR LIFEGUARDS**

Balance December 31, 2010	<u>Ref.</u> B	\$ 377.12
Increased by:		
Receipts	B-1	<u>24,935.00</u>
		25,312.12
Decreased by:		
Disbursed	B-1	<u>19,300.16</u>
Balance December 31, 2011	B	<u><u>\$ 6,011.96</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-2****SCHEDULE OF CASH - CHECKING**

Balance December 31, 2010	<u>Ref.</u> C		\$ 480,896.58
Increased by:			
Reserve for Newark Avenue	C-3	46,709.23	
Reserve for Pool Improvements	C-3	146,018.40	
Capital Improvement Fund	C-5	<u>13,000.00</u>	
			<u>205,727.63</u>
			686,624.21
Decreased by:			
Improvement Authorizations	C-6	366,316.75	
Premium on Notes	C-1	2,886.76	
Interfund Current	C-3	<u>54.20</u>	
			<u>369,257.71</u>
Balance December 31, 2011	C		<u><u>\$ 317,366.50</u></u>

GENERAL CAPITAL FUNDSCHEDULE OF CAPITAL CASH

	Balance Dec. 31, 2010	Receipts	Disbursements	Balance Dec. 31, 2011
Fund Balance	\$ 52,287.65		2,886.76	49,400.89
Capital Improvement Fund	83,500.00	13,000.00		96,500.00
Reserve for Newark Avenue		46,709.23		46,709.23
Reserve for Pool Improvements		146,018.40		146,018.40
Improvement Authorizations				
08-03 Various General Improvements	1,125.00			1,125.00
19-04 Various General Improvements	1,603.84		1,428.84	175.00
26-05 Various General Improvements	49,743.02		97,632.28	(47,889.26)
45-05 Roads	10,504.30			10,504.30
10-06 Various General Improvements	74,106.15		131,356.10	(57,249.95)
11-06 Various General Improvements	63,399.16		31,610.36	31,788.80
17-07 Roads	40,727.36			40,727.36
17-07 Archway	(37,679.18)		320.82	(38,000.00)
08-08 Various General Improvements	10,202.06		608.40	9,593.66
02-09 Arches, retaining wall	637.50			637.50
02-11 Various General Improvements	130,683.77		103,359.95	27,323.82
Interfund Current Funds	55.95		54.20	1.75
	<u>\$ 480,896.58</u>	<u>205,727.63</u>	<u>369,257.71</u>	<u>317,366.50</u>

Ref.

C

C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Description	Balance Dec. 31, 2010	Funded By Budget	Balance Dec. 31, 2011	Notes Issued	Unexpended Improvement Authorization
08-2003	Various General Improvements	\$ 21,375.00		21,375.00		21,375.00
26-2005	Various General Improvements	621,750.00	100,000.00	521,750.00	377,250.00	144,500.00
10-2006	Various General Improvements	952,250.00	100,000.00	852,250.00	795,000.00	57,250.00
11-2006	Various General Improvements	285,000.00	50,000.00	235,000.00	235,000.00	-
17-2007	Roads	257,000.00	25,000.00	232,000.00	232,000.00	-
17-2007	Archway	295,000.00		295,000.00	184,000.00	111,000.00
09-2008	Various General Improvements	313,500.00	25,000.00	288,500.00	286,000.00	2,500.00
		<u>\$ 2,745,875.00</u>	<u>300,000.00</u>	<u>2,445,875.00</u>	<u>2,109,250.00</u>	<u>336,625.00</u>
Ref.	C		C-3,8	C	C-9	C-6

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND**

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 83,500.00
Increased by:		
Budget Appropriations	C-2	<u>13,000.00</u>
Balance December 31, 2011	C	<u><u>\$ 96,500.00</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit C-6

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	Balance Dec. 31, 2010		Expended	Balance Dec. 31, 2011	
	Funded	Unfunded		Funded	Unfunded
8-2003 Cushman Scooter	507.00	21,993.00		507.00	21,993.00
19-2004 Roads	1,603.84		1,428.84	175.00	
26-2005 Borough Yard and Public Buildings & Roads		114,958.43	35,446.62		79,511.81
Roads		1,723.59	1,723.59		
Fire Alert System		250.00	250.00		
Traffic Safety System		77,311.00	60,212.07		17,098.93
45-2005 Roads	10,504.30			10,504.30	
10-06 Generator		528.10	528.10		
Firetruck & Road Improvements		130,828.05	130,828.00		0.05
11-06 Equipment		76.11			76.11
Roads		63,323.05	31,610.36		31,712.69
17-2007 Roads		113,727.36			113,727.36
17-2007 Archway		320.82	320.82		
08-2008 Police Building-Roof		268.90			268.90
Train Station		11,746.56			11,746.56
Fire Equipment		686.60	608.40		78.20
Arches, Retaining Wall		637.50			637.50
02-2009 Marucci Park	32,529.84		32,529.84		
11-2009 DWP Truck	1,414.00		1,414.00		
Tech & Comm. Equipment	20,000.00		15,606.53		4,393.47
Curbs & Sidewalks	13,546.64				13,546.64
Fire Dept. Equipment	5.85				5.85
Municipal Buildings	28,987.44		21,934.58		7,052.86
Removal Water Tank	34,200.00		31,875.00		2,325.00
	\$ 143,298.91	538,379.07	366,316.75	11,186.30	304,174.93

Ref.

C

C

C-2,3

C

C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Description	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
			Date	Amount				
General Improvements	12/1/2002	\$ 964,000.00	12/1/12	\$ 61,000.00	2%-5%	\$ 182,000.00	57,000.00	125,000.00
			12/1/13	64,000.00				
General Improvements	12/1/2004	2,537,000.00	12/1/12	136,000.00	3%-5.25%	1,831,000.00	131,000.00	1,700,000.00
			12/1/13	145,000.00				
			12/1/14	153,000.00				
			12/1/15	158,000.00				
			12/1/16	162,000.00				
			12/1/17	171,000.00				
			12/1/18	180,000.00				
			12/1/19	189,000.00				
			12/1/20	199,000.00				
			12/1/21	207,000.00				
Refunding	12/1/2007	1,119,199.00	12/1/12	110,678.00	3.5%-5.5%	1,092,386.00	104,859.00	987,527.00
			12/1/13	115,399.00				
			12/1/14	185,953.00				
			12/1/15	194,615.00				
			12/1/16	203,271.00				
			12/1/17	77,726.00				
			12/1/18	99,884.00				
						\$ 3,105,386.00	292,859.00	2,812,527.00
Ref.						C	A-3	C

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit C-8

GENERAL CAPITAL

<u>Description</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Notes Paid</u>	<u>Balance Dec. 31, 2011</u>
	<u>Issue</u>	<u>Maturity</u>				
26-05	4/14/11	4/13/12	1.00%	\$ 477,250.00	100,000.00	377,250.00
10-06	4/14/11	4/13/12	1.00%	895,000.00	100,000.00	795,000.00
11-06	4/14/11	4/13/12	1.00%	285,000.00	50,000.00	235,000.00
17-07	4/14/11	4/13/12	1.00%	441,000.00	25,000.00	416,000.00
09-08	4/14/11	4/13/12	1.00%	311,000.00	25,000.00	286,000.00
				<u>\$ 2,409,250.00</u>	<u>300,000.00</u>	<u>2,109,250.00</u>
				C	A-3	C
					<u>Paid by Budget</u>	<u>\$ 300,000.00</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND**

Exhibit C-9

SCHEDULE OF BONDS AND NOTES AUTHORIZED**BUT NOT ISSUED**

Ordinance Number	Description	Balance Dec. 30, 2010 & 2011
8-2003	Various General Improvements	\$ 21,375.00
26-2005	Various General Improvements	144,500.00
10-2006	Various General Improvements	57,250.00
17-2007	Various General Improvements	111,000.00
08-2008	Various General Improvements	2,500.00
		<u>\$ 336,625.00</u>

Ref.

C

WATER-SEWER UTILITY OPERATING AND CAPITAL FUNDSCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	D	\$ 290,726.03	55,279.49
Increased by:			
Consumer Accounts Receivable	D-6	2,254,725.70	
Sale of Bonds	D-5		3,500,000.00
Premium on Sale of Bonds and Notes	D-5		6,572.61
Water Use-Current	D-2	145,000.00	
Miscellaneous Revenue	D-2	<u>294,146.45</u>	
		2,693,872.15	3,506,572.61
		<u>2,984,598.18</u>	<u>3,561,852.10</u>
Decreased by:			
Encumbrances	D	38,289.15	560.00
Budget Appropriations	D-3	2,329,544.27	
Accrued Interest on Bonds	D-9	87,203.88	
Improvement Authorizations	D-12	<u></u>	<u>1,035.00</u>
		<u>2,455,037.30</u>	<u>1,595.00</u>
Balance December 31, 2011	D	<u>\$ 529,560.88</u>	<u>3,560,257.10</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-5

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF CASH

	Balance Dec. 31, 2010	Receipts	Disbursements	Balance Dec. 31, 2011
Fund Balance	\$ 7,970.60	6,572.61		14,543.21
Capital Improvement Fund	10,150.00			10,150.00
Cash Held to Pay Notes		260,000.00		260,000.00
Cash Held to Pay Bonds		3,240,000.00		3,240,000.00
Accounts Payable	655.00			655.00
<u>Improvement Authorizations</u>				
10-06 Various Water Sewer Improvements	5,200.00			5,200.00
11-06 Various Water Sewer Improvements	5,000.00			5,000.00
18-00 Improvements to Water-Sewer System	46,914.76		1,035.00	45,879.76
29-02 Water Tower	13,479.09			13,479.09
22-04 Various Improvements	414.33			414.33
29-02 Accounts Payable	3,960.00		560.00	3,400.00
27-05 Various Improvements	(38,464.29)			(38,464.29)
	<u>\$ 55,279.49</u>	<u>3,506,572.61</u>	<u>1,595.00</u>	<u>3,560,257.10</u>
Ref.	D-4	D-4	D-12	D-4

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-6****SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2010	<u>Ref.</u> D	\$ 476,900.65
Increased by:		
Water-Sewer Rents Levied		<u>1,948,555.84</u>
		2,425,456.49
Decreased by:		
Receipts	D-4	<u>2,254,725.70</u>
Balance December 31, 2011	D	<u><u>\$ 170,730.79</u></u>

SCHEDULE OF APPROPRIATION RESERVES**Exhibit D-7**

Balance December 31, 2010	<u>Ref.</u> D	\$ 142,373.66
Decreased By:		
Disbursed	D-4	<u>38,289.15</u>
Decreased by:		
Lapsed to Operations	D-1	<u><u>\$ 104,084.51</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-8****SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 810,408.00
Increased By:		
Note Paydown	D-1	<u>100,000.00</u>
Balance December 31, 2011	D	<u><u>\$ 910,408.00</u></u>

SCHEDULE OF ACCRUED INTEREST**Exhibit D-9**

	<u>Ref.</u>	
Balance December 31, 2010	D	\$ 49,384.25
Increased by:		
Budget Appropriations	D-3	<u>75,000.00</u>
		124,384.25
Decreased by:		
Interest Paid	D-4	<u>87,203.88</u>
Balance December 31, 2011	D	<u><u>\$ 37,180.37</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-10****SCHEDULE OF FIXED CAPITAL**

<u>Accounts</u>	<u>Balance Dec. 31, 2010 & 2011</u>
Springs and Wells	\$ 264,294.09
Collecting Reservoirs	370,892.40
Pumping Station Structures	120,225.12
Transmissions, Mains and Accessories	2,191,936.23
Meters, Meter Boxes and Vaults	689,299.63
Fire Hydrant and Fire Cisterns	26,344.91
Electric Power Pumping Equipment	71,141.40
Crane Equipment	500.00
Second Avenue Improvements	3,995.72
General Equipment	139,270.60
Extension of Lines	7,998.10
Transducer	13,725.00
1965 Improvements to Supply System	207,232.09
Improvements to Sewerage System	1,022,791.12
Improvements to Water Treatment Plant	36,112.82
Automation of Water Plant	43,546.01
Water Plant	115,000.00
	<u>\$ 5,324,305.24</u>
Ref.	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-11****SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2010 and 2011	<u>Ref.</u> D	<u>\$ 13,550.00</u>
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BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

WATER-SEWER CAPITAL FUND

Exhibit D-12

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

	Balance Dec. 31, 2010		Expended	Balance Dec. 31, 2011	
	Funded	Unfunded		Funded	Unfunded
18-00 Improvements to Water-Sewer System	\$ 2,914.76	44,000.00	1,035.00	1,879.76	44,000.00
29-02 Water Tower		10,079.09			10,079.09
22-04 Various Improvements to Water Sewer System		414.33			414.33
27-05 Various Water-Sewer Improvements		51,535.71			51,535.71
10-06 Various Improvements to Water Sewer System	5,200.00			5,200.00	
11-06 Various Improvements to Water Sewer System	5,000.00	95,000.00		5,000.00	95,000.00
	<u>\$ 13,114.76</u>	<u>201,029.13</u>	<u>1,035.00</u>	<u>12,079.76</u>	<u>201,029.13</u>
Ref.	D	D	D-4-5	D	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND**

Exhibit D-13

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2010 & 2011
18-00	Various Water-Sewer Improvements	5/22/00	\$ 600,000.00	\$ 600,000.00
29-02	Water Tower	11/14/02	1,750,000.00	1,750,000.00
22-04	Various Water-Sewer Improvements	6/29/04	1,000,000.00	1,000,000.00
27-05	Various Water-Sewer Improvements	8/23/05	1,200,000.00	1,200,000.00
10-2006	Various Water-Sewer Improvements	6/13/06	80,000.00	80,000.00
11-2006	Various Water-Sewer Improvements	8/8/06	100,000.00	115,813.00
				<u>\$ 4,745,813.00</u>

Ref.

D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-14****SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance December 31, 2010	<u>Ref.</u> D	\$ 3,582,222.24
Increased by:		
Serial Bonds Paid by Budget	D-16	<u>203,365.00</u>
Balance December 31, 2011	D	<u><u>\$ 3,785,587.24</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit D-15

WATER-SEWER UTILITY

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Date</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid By Budget</u>	<u>Balance Dec. 31, 2011</u>
	<u>Issued</u>	<u>Maturity</u>				
26-2001 South Blvd. Sewer Imprvts.	10/14/11	1/13/12	1.75%	\$ 93,520.00	1,520.00	92,000.00
09-1997 Utility Truck	10/14/11	1/13/12	1.75%	17,888.00	2,571.00	15,317.00
29-2002 Water Tower Improvements	10/14/11	1/13/12	1.75%	1,577,242.00	42,242.00	1,535,000.00
22-2004 Various	10/14/11	1/13/12	1.75%	901,282.00	25,282.00	876,000.00
27-2005 Various	10/14/11	1/13/12	1.75%	996,152.00	26,152.00	970,000.00
10-2006 Backhoe	10/14/11	1/13/12	1.75%	72,233.00	2,233.00	70,000.00
				<u>\$ 3,658,317.00</u>	<u>100,000.00</u>	<u>3,558,317.00</u>
	Ref.		D	D-3	D	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

WATER-SEWER CAPITAL FUND

SCHEDULE OF WATER-SEWER CAPITAL FUND SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturity		Interest Rate	Balance Dec. 31, 2010	Issued	Paid	Balance Dec. 31, 2011
			Date	Amount					
Various Improvements to Water-Sewer Utilities	12/28/95	\$ 685,000.00	7/15/12-13 7/15/14-15	\$ 45,000.00 50,000.00	3.65%-5.50%	\$ 235,000.00		45,000.00	190,000.00
Improvements to Water-Sewer	12/3/02	507,000.00	12/1/2012 12/1/2013	9,000.00 10,000.00	3.125% to 5.00%	28,000.00		9,000.00	19,000.00
Various Improvements Water-Sewer Utilities	12/4/04	1,011,000.00	12/1/12 12/1/13 12/1/14 12/1/15 12/1/16 12/1/17 12/1/18 12/1/19 12/1/20 12/1/21	55,000.00 58,000.00 60,000.00 62,000.00 65,000.00 68,000.00 72,000.00 75,000.00 79,000.00 84,000.00	3% - 5.25%	730,000.00		52,000.00	678,000.00
Various Improvements Water Sewer	4/12/07	945,997.00	12/1/12 12/1/13 12/1/14 12/1/15 12/1/16 12/1/17 12/1/18 12/1/19 12/1/20 12/1/21	59,707.00 62,254.00 74,335.00 78,541.00 82,740.00 12,113.00 13,116.00 115,000.00 121,000.00 125,000.00	4%-5%	841,171.00		97,365.00	743,806.00

WATER-SEWER CAPITAL FUNDSCHEDULE OF WATER-SEWER CAPITAL FUND SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturity		Interest Rate	Balance Dec. 31, 2010	Issued	Paid	Balance Dec. 31, 2011
			Date	Amount					
Various Improvements Water Sewer	12/1/11	\$ 3,240,000.00	12/1/12-14	115,000.00	2%-5%		3,240,000.00		3,240,000.00
			12/1/16	120,000.00					
			12/1/17	125,000.00					
			12/1/18	130,000.00					
			12/1/19	135,000.00					
			12/1/20	145,000.00					
			12/1/21	150,000.00					
			12/1/22	155,000.00					
			12/1/23	165,000.00					
			12/1/24	170,000.00					
			12/1/25	180,000.00					
			12/1/26	185,000.00					
			12/1/27	190,000.00					
			12/1/28	195,000.00					
			12/1/29	200,000.00					
			12/1/30	205,000.00					
			12/1/31	215,000.00					
			12/1/32	230,000.00					
						\$ 1,834,171.00	3,240,000.00	203,365.00	4,870,806.00
					Ref.	D	D-5	D-14	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-17

SCHEDULE OF BONDS AND NOTES**AUTHORIZED BUT NOT ISSUED**

<u>Number</u>	<u>Description</u>	Balance Dec. 31, 2010 & 2011
18-2000	Improvements to Water System	\$ 44,000.00
22-2004	Various Water-Sewer Improvements	50,000.00
27-2005	Various Water-Sewer Improvements	90,000.00
11-2006	Security System	95,000.00
		<u>\$ 279,000.00</u>
	Ref.	D

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-4

BEACH UTILITY OPERATING AND CAPITAL FUND

SCHEDULE CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	E	\$ 453,869.19	548,564.03
Increased by Receipts:			
Beach Fees	E-2	2,276,399.50	
Miscellaneous Revenue	E-2	109,569.73	
Miscellaneous Revenue Not Anticipated	E-1	8.81	
Capital Improvement Fund	E-5		35,000.00
		<u>2,385,978.04</u>	<u>35,000.00</u>
		2,839,847.23	583,564.03
Decreased by Disbursements:			
Budget Appropriations	E-3	2,496,943.21	
Encumbrances	E	17,461.56	
Improvement Authorizations	E-7		431.95
		<u>2,514,404.77</u>	<u>431.95</u>
		\$ 325,442.46	583,132.08
Balance December 31, 2011	E	<u><u>\$ 325,442.46</u></u>	<u><u>583,132.08</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-5

BEACH UTILITY CAPITAL FUND

SCHEDULE OF CASH

	Balance Dec. 31, 2010	Receipts	Disbursements	Transfers		Balance Dec. 31, 2011
				To	From	
Fund Balance	\$ 400.00					400.00
Capital Improvement Fund	191,250.00	35,000.00				226,250.00
Reserve to Pay Notes	95,481.96					95,481.96
Bond Anticipation Notes	418,750.00	378,750.00	418,750.00		378,750.00	-
<u>Improvement Authorizations</u>						
8-96 Various Improvements	(550.00)					(550.00)
20-04 Sand Replenishment	1,721.56		431.95			1,289.61
28-05 Beach Improvements	(70,846.01)	40,000.00		283,750.00		252,903.99
28-05 Boat Safety	1,962.00					1,962.00
28-05 Bulldozer	(91,615.26)			95,000.00		3,384.74
1-09 Equipment & Improvements	2,009.78					2,009.78
	<u>\$ 548,564.03</u>	<u>453,750.00</u>	<u>419,181.95</u>	<u>378,750.00</u>	<u>378,750.00</u>	<u>583,132.08</u>

Ref.

E

E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

98.

BEACH UTILITY OPERATING FUND

Exhibit E-6

SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 32,364.92
Decreased by:		
Lapsed to Operations	E-1	<u><u>\$ 32,364.92</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance Dec. 31, 2010		Expended	Encumbrances Canceled	Balance Dec. 31, 2011	
		Funded	Unfunded			Funded	Unfunded
20-04	Sand Replenishment	\$ 1,721.56		431.95		1,289.61	
28-05	Beach Improvements		248,903.99		4,000.00		252,903.99
28-05	Boat Safety	1,962.00	47,500.00			1,962.00	47,500.00
28-05	Bulldozer		3,384.74				3,384.74
1-09	Equipment & Improvements	2,009.78				2,009.78	
		<u>\$ 5,693.34</u>	<u>299,788.73</u>	<u>431.95</u>	<u>4,000.00</u>	<u>5,261.39</u>	<u>303,788.73</u>
Ref.	E	E	E			E	E
Cash Disbursed			Ref.	\$ 431.95			
			E-4				

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BEACH UTILITY CAPITAL FUND**

Exhibit E-8

SCHEDULE OF FIXED ASSETS AUTHORIZED AND UNCOMPLETED

Ordinance Number	Description	Ordinance		Balance
		Date	Amount	Dec. 31, 2010 & 2011
20-04	Various Beach Improvements	6/29/04	\$ 500,000.00	\$ 500,000.00
28-05	Beach Improvements	8/9/05	425,000.00	425,000.00
28-05	Boat Safety	8/9/05	50,000.00	50,000.00
28-05	Bulldozer	8/9/05	100,000.00	100,000.00
1-09	Equipment & Improvemen	2/23/09	85,000.00	85,000.00
				<u>\$ 1,160,000.00</u>

Ref.

E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

101.

BEACH UTILITY CAPITAL FUND

Exhibit E-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	E	\$ 191,250.00
Increased by:		
Budget Appropriations	E-3	<u>35,000.00</u>
Balance December 31, 2011	E	<u><u>\$ 226,250.00</u></u>

SCHEDULE OF RESERVE TO PAY BONDS

Exhibit E-10

	<u>Ref.</u>	
Balance December 31, 2010 and 2011	E	<u><u>\$ 95,481.96</u></u>

BEACH UTILITY CAPITAL FUND

Exhibit E-11

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2010	<u>Ref.</u> E	\$ 2,533,016.07
Increased by:		
Serial Bonds Paid	E-12	<u>202,776.00</u>
Balance December 31, 2011	E	<u><u>\$ 2,735,792.07</u></u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit E-12

BEACH UTILITY CAPITAL FUND

SCHEDULE OF BEACH UTILITY CAPITAL SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Paid	Balance Dec. 31, 2011
			Outstanding Dec. 31, 2010	Amount				
Various General Improvement	12/3/02	\$ 193,000.00	12/1/2012	\$ 13,000.00	3%-5%	\$ 40,000.00	13,000.00	27,000.00
			12/1/13	14,000.00				
Various General Improvements	12/21/04	910,000.00	12/1/12	90,000.00	3% to 5.25%	468,000.00	85,000.00	383,000.00
			12/1/13	94,000.00				
			12/1/14	98,000.00				
			12/1/15	101,000.00				
2007 Series Refunding	12/1/07	541,803.00	12/1/12	40,615.00	4%	389,442.00	104,776.00	284,666.00
			12/1/13	42,347.00				
			12/1/14	58,712.00				
			12/1/15	61,844.00				
			12/1/16	63,988.00				
			12/1/17	17,160.00				
						\$ 897,442.00	202,776.00	694,666.00
Ref.						E	E-3, E-5	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-13

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Issued</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Paid By Budget</u>	<u>Balance Dec. 31, 2011</u>
Ord. 28-2005 - Various	4/20/11	4/13/12	2.00%	\$ 418,750.00	40,000.00	378,750.00
			Ref.	E	E-3	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**BEACH UTILITY CAPITAL FUND**

Exhibit E-14

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2010 & 2011
08-1996	Various General Improvements	\$ 550.00
28-2005	Sand Replenishment & Boardwalk Repairs	47,500.00
		<u>\$ 48,050.00</u>
	Ref.	E

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

POOL UTILITY OPERATING AND CAPITAL FUND

Exhibit F-4

SCHEDULE OF CASH - TREASURER

DECEMBER 31, 2011

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2010	F	\$ 198,396.61	229,914.34
Increased by Receipts:			
Pool Fees by Ordinance	F-2	527,802.50	
Capital Improvement Fund	F-8		30,000.00
Miscellaneous Revenues	F-2	73,656.53	
		<u>601,459.03</u>	<u>30,000.00</u>
		799,855.64	259,914.34
Decreased by Disbursements:			
Budget Appropriations	F-3	597,976.20	
Appropriation Reserves	F	1,404.68	
Encumbrances	F		20,505.67
Improvement Authorizations	F-6		62,803.03
		<u>599,380.88</u>	<u>83,308.70</u>
Balance December 31, 2011	F	<u>\$ 200,474.76</u>	<u>176,605.64</u>

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

Exhibit F-5

POOL UTILITY CAPITAL FUND

ANALYSIS OF CASH

	Balance Dec. 31, 2010	Receipts	Disbursements	Balance Dec. 31, 2011
Capital Improvement Fund	\$ 126,500.00	30,000.00		156,500.00
Fund Balance	10,171.78			10,171.78
<u>Improvement Authorizations</u>				
10-2003 Accounts Payable	740.00			740.00
10-2003 Reconstruction of Pools & Pavilions	28,416.10		21,780.50	6,635.60
21-2004 Various Pool Improvements	64,086.46		61,528.20	2,558.26
	<u>\$ 229,914.34</u>	<u>30,000.00</u>	<u>83,308.70</u>	<u>176,605.64</u>
<u>Ref.</u>	F	F-4	F-4	F

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**POOL UTILITY CAPITAL FUND**

Exhibit F-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2010 Funded</u>	<u>Expended</u>	<u>Balance Dec. 31, 2011 Funded</u>
20-2003	Reconstruction of Pools & Pavilions	\$ 7,910.43	1,274.83	6,635.60
21-2004	Various Pool Improvements	64,086.46	61,528.20	2,558.26
		<u>\$ 71,996.89</u>	<u>62,803.03</u>	<u>9,193.86</u>
		<u>Ref.</u>	F	F
Paid		F-4	<u>\$ 62,803.03</u>	

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**POOL UTILITY CAPITAL FUND**

Exhibit F-7

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Description	Ordinance		Balance Dec. 31, 2010 & 2011
		Date	Amount	
10-2003	Reconstruction of Pools and Pavilions	5/6/03	\$ 650,000.00	\$ 650,000.00
21-2004	Various Pool Improvements	12/1/04	100,000.00	100,000.00
				<u>\$ 750,000.00</u>
		Ref.		F

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH**POOL UTILITY CAPITAL FUND****Exhibit F-8****SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2010	F	\$ 126,500.00
Increased by:		
Budget Appropriations	F-3	<u>30,000.00</u>
Balance December 31, 2011	F	<u><u>\$ 156,500.00</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**Exhibit F-9**

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Bonds Paid</u>	<u>Balance Dec. 31, 2011</u>
10-2003	Reconstruction of Pools & Pavilions	<u>\$ 285,000.00</u>	<u>43,000.00</u>	<u>328,000.00</u>
	<u>Ref.</u>	F	F-10	F

BOROUGH OF SPRING LAKE - COUNTY OF MONMOUTH

POOL UTILITY CAPITAL FUND

Exhibit F-10

SCHEDULE OF POOL UTILITY CAPITAL SERIAL BONDS

Description Reconstruction of Pools and Various Improvements	Date of Issue	Original Amount Issued	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Bonds Paid	Balance Dec. 31, 2011
			Outstanding Date	Amount Dec. 31, 2011				
	12/1/04	\$ 691,000.00	12/1/12	\$ 45,000.00	3% - 5.25%	\$ 465,000.00	43,000.00	422,000.00
			12/1/13	47,000.00				
			12/1/14	49,000.00				
			12/1/15	51,000.00				
			12/1/16	53,000.00				
			12/1/17	56,000.00				
			12/1/18	59,000.00				
			12/1/19	62,000.00				
						\$ 465,000.00	43,000.00	422,000.00
					<u>Ref.</u>	F	F-3	F

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2011

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members
 of the Borough Council
 Borough of Spring Lake
 County of Monmouth
 Spring Lake, New Jersey 07762

We have audited the financial statements of the Borough of Spring Lake (the "Borough"), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 28, 2012. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, 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 (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and a qualified opinion since the Division does not require the Length of Service Award Program ("LOSAP") to be audited. Except as noted 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 in accordance with audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

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

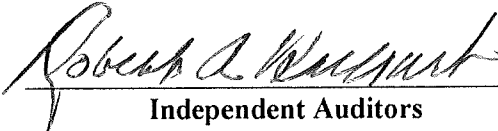
Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies 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 it 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* and audit requirements as prescribed by the Division.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.


Independent Auditors

March 28, 2012

BOROUGH OF SPRING LAKE

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

Scope of Audit

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

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

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2010, the public contracts law was amended to change the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2011, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

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

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent). A test of quotes for purchases was made with no exceptions.

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

Demolition of Water Tank
Road Improvements
Marucci Park Improvements

There were miscellaneous purchases through state contracts.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 – (Continued)

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for "Professional Services" per N.J.S. 40A:11-4.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW THEREFORE BE IT RESOLVED, that a grace period not exceeding ten (10) days be permitted after each quarterly due date, February 1, May 1, August 1, November 1, and the rate of eight percent (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on the amount in excess of \$1,500.00 with delinquent interest rate retroactive to the aforesaid due dates for the year 2011".

Sewer utility delinquencies are charged interest at the rate of 8% per annum on the first \$1,500.00 of sewer utility charges delinquent after due date and 18% per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

It appears from an examination of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

No tax sale was held in 2011.

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

<u>Year</u>	<u>Number of Liens</u>
2011	-0-
2010	-0-
2009	-0-

Payroll

A separate bank account is maintained and gross salaries and Borough contributions for withholdings are deposited to such account. The payroll records are reconciled monthly and payment of amounts for net salaries and to agencies are properly accounted for.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	6
Unpaid Water-Sewer Utility Charges	18
Information - Taxes	25
Information - Utility	25

Bond and Interest Account

The Monmouth County Improvement Pooled Government Loan Program has been named transfer agent and registrar to administer the payments to the registered owners for the 1999, 2002, 2004 and 2007 bonds and coupons issued for the General Capital, Pool Capital Utility and Beach Capital Utility accounts. All transactions are kept by the Transfer Agents and the Borough receives monthly statements.

Investments

A comprehensive plan of investing any excess cash on a monthly basis is in force. This program of investing funds not being used should be continued with a constant review of the best source for investments.

Compensated Absences

The Borough has contracts with the various departments regarding compensated absences, that states all employee's with twenty-five years of continuous service shall receive 50% of unused sick days up to \$100 per day not to exceed \$7,500. As of December 31, 2011 there is accumulated sick time of \$416,613.84 of which \$60,000.25 is funded.

Taxes and Tax Title Liens

Taxes were analyzed and the cash was in proof with the computer run. The tax records were in good order.

There were no liens in 2011.

Certification of Funds Available

The Chief Financial Officer certified that funds are available for award of contracts by issuing a purchase order. Other expenditures over \$1,000.00 are authorized by the Mayor and Council at public meetings after informal review by the Chief Financial Officer as to the availability of funds.

Follow-Up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings:

Finding 10-01 and 10-02 relating to the Junior Lifeguard account have been addressed in 2011.

Finding 10-03 relating to the purchase order system was addressed in 2011.

FINDINGS/RECOMMENDATIONS

None

APPRECIATION

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

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The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendation, please do not hesitate to call us.