

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011**

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2011

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

TABLE OF CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

PART I

Page

Independent Auditors' Report	1-3
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.	4-6

Exhibit

CURRENT FUND

Comparative Balance Sheet - Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1
Statement of Revenues - Regulatory Basis	A-2
Statement of Expenditures - Regulatory Basis	A-3

TRUST FUND

Comparative Balance Sheet - Regulatory Basis	B
--	---

GENERAL CAPITAL FUND

Comparative Balance Sheet - Regulatory Basis	C
Statement of Fund Balance - Regulatory Basis	C-1

WATER-SEWER UTILITY FUND

Comparative Balance Sheet - Regulatory Basis	D
Comparative Statement of Operations and Change in Operating Fund Balance - Regulatory Basis	D-1
Statement of Water Utility Capital Fund Balance - Regulatory Basis	D-2
Statement of Revenues - Regulatory Basis	D-3
Statement of Expenditures - Regulatory Basis	D-4

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

TABLE OF CONTENTS (Continued)

Exhibit

PAYROLL FUND

Comparative Balance Sheet - Regulatory Basis E

GENERAL FIXED ASSET ACCOUNT GROUP

Comparative Statement of General Fixed Assets - Regulatory Basis F

Page

NOTES TO FINANCIAL STATEMENT 7-29

Exhibit

CURRENT FUND

Schedule of Cash	A-4
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5
Schedule of Tax Title Liens	A-6
Schedule of Revenue Accounts Receivable	A-7
Schedule of Deferred Charges, N.J.S. 40A:4-55 Special Emergency	A-8
Schedule of Due from State of New Jersey, P.L. 1971, C. 20	A-9
Schedule of Appropriation Reserves	A-10
Schedule of Reserve for Encumbrances	A-11
Schedule of Tax Overpayments	A-12

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>
<u>CURRENT FUND (continued)</u>	
Schedule of Prepaid Taxes	A-13
Schedule of Reserve for Health Insurance	A-14
Schedule of Reserve for Recreation Improvements	A-15
Schedule of County Taxes Payable	A-16
Schedule of Local District School Tax Payable	A-17
Schedule of Reserve for Revaluation	A-18
Schedule of Accounts Payable	A-19
Schedule of Interfunds - Other Funds	A-20
Schedule of Due to State of New Jersey-Marriage License Fees	A-21
Schedule of Interfund - Federal and State Grant Fund	A-22
Federal and State Grant Fund - Schedule of Grants Receivable	A-23
Federal and State Grant Fund - Schedule of Appropriated Reserves	A-24
Federal and State Grant Fund - Schedule of Unappropriated Reserves	A-25
Federal and State Grant Fund - Schedule of Reserve for Encumbrances	A-26
 <u>TRUST FUND</u>	
Schedule of Cash	B-1
Schedule of Reserve for Animal Control Trust Fund Expenditures	B-2
Schedule of Due to State of New Jersey - Animal Control Trust Fund	B-3
Schedule of Interfund - Current Fund - Animal Control Trust Fund	B-4
Schedule of Interfund - Water/Sewer Utility Operating Fund - Trust Other Fund	B-5
Schedule of Interfund - Current Fund - Open Space Trust Fund	B-6
Schedule of Interfund - Current Fund - Trust Other Fund	B-7
Schedule of Due to Board of Education	B-8
Schedule of Various Reserves - Trust Other Fund	B-9
Schedule of Reserve for Open Space	B-10
Schedule of Funds Held by Trustee - Length of Service Award Program	B-11
Schedule of Reserve for Length of Service Award Program - Length of Service Award Program Fund	B-12

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

TABLE OF CONTENTS (Continued)

Exhibit

GENERAL CAPITAL FUND

Schedule of Cash	C-2
Analysis of General Capital Cash	C-3
Schedule of Deferred Charges to Future Taxation - Funded	C-4
Schedule of Deferred Charges to Future Taxation - Unfunded	C-5
Schedule of Reserve for Grants Receivable	C-6
Schedule of Grants Receivable	C-7
Schedule of General Serial Bonds	C-8
Schedule of Interfund - Current Fund	C-9
Schedule of Green Acres Loan Payable	C-10
Schedule of Improvement Authorizations	C-11
Schedule of Reserve for Encumbrances	C-12
Schedule of Reserve for Payment of Debt	C-13
Schedule of Capital Improvement Fund	C-14
Schedule of Various Reserves	C-15
Schedule of Bonds and Notes Authorized but not Issued	C-16

WATER-SEWER UTILITY FUND

Schedule of Cash	D-5
Analysis of Water-Sewer Utility Capital Cash	D-6
Schedule of Consumer Accounts Receivable	D-7
Schedule of Deferred Charges	D-8
Schedule of Emergency Note Payable	D-9
Schedule of Appropriation Reserves	D-10
Schedule of Water-Sewer Operating Reserve for Encumbrances	D-11
Schedule of Customer Overpayments	D-12
Schedule of Accrued Interest on Bonds	D-13
Schedule of Fixed Capital	D-14
Schedule of Fixed Capital Authorized and Uncompleted	D-15
Schedule of Water-Sewer Utility Serial Bonds	D-16
Schedule of Reserve for Encumbrances	D-17
Schedule of Improvement Authorizations	D-18
Schedule of Capital Improvement Fund	D-19
Schedule of Reserve for Amortization	D-20
Schedule of Deferred Reserve for Amortization	D-21
Schedule of Interfunds - Water/Sewer Utility Operating Fund	D-22
Schedule of Bonds and Notes Authorized but not Issued	D-23

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

TABLE OF CONTENTS (Continued)

Exhibit

GENERAL FIXED ASSET ACCOUNT GROUP

Schedule of Investments in General Fixed Assets

F-1

SUPPLEMENTARY DATA

Page

Comparative Schedule of Tax Rate Information

30

Comparison of Tax Levies and Collection Currently

30

Delinquent Taxes and Tax Title Liens

30

Property Acquired by Tax Title Lien Liquidation

31

Comparison of Water-Sewer Utility Rents Levied

31

Comparative Schedule of Fund Balances

31

Summary of Municipal Debt

32

Summary of Statutory Debt Condition - Annual Debt Statement

32

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

32

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

33

Officials in Office and Surety Bonds

34

PART II

General Comments

1-3

Other Comments

4-10

Recommendations

10-11

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant
County of Ocean
Point Pleasant, New Jersey

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Point Pleasant (the “Borough”), as of December 31, 2011 and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis for the year ended December 31, 2011. We were engaged to audit the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Point Pleasant (the “Borough”), as of December 31, 2010, and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis for the year ended December 31, 2010. These financial statements – regulatory basis are the responsibility of the Borough’s management.

The condition of the financial records provided for audit for the various funds and account groups as of and for the year ended December 31, 2010 were not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the accompanying 2010 financial statements – regulatory basis. The payroll bank account was not reconciled. A detailed listing to support the balances in the Fixed Asset Account Group was not provided. Detail to support ending balances was not available or was not able to be reconciled to the financial statements – regulatory basis.

Except as discussed in paragraphs four through nine we conducted our audits as of and for the year ended December 31, 2011 in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

The financial statements of the Length of Service Award Program Fund (“LOSAP”) have not been audited and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements. The LOSAP Fund financial activities are included in the Borough’s Trust Fund and represent 34.11% and 32.14% of the assets and liabilities as of December 31, 2011 and 2010, respectively of the Borough’s Trust Funds.

The Borough did not properly monitor the activity over tax billings and collections in the Current Fund. Non-cash activity such as senior citizen and veteran adjustments and cancellations were not posted to the finance system. During 2010, tax revenue and interest on delinquent accounts was collected at the Borough tax sale and deposited to the Trust Other Fund. The revenue was not posted to the tax system until 2011. We were not able to apply sufficient auditing procedures to determine the fair presentation of the receivables or activity for tax collections.

The Borough did not reconcile detailed subsidiary records to general ledger balances in the Trust-Other Fund. We were not able to perform sufficient auditing procedures to determine the fair presentation of the ending balances of the reserves.

The Borough did not properly monitor the activity over water/sewer billings and collections. Non-cash activity such as billings and cancellations were not posted to the finance system. Proper cut-off procedures have not been implemented to ensure that billings are in the proper period. Prior practice for billing was to bill one cycle of the first quarter of the current year in December of the prior year and include the billing in the receivable balance and record the revenue for cash collections. During 2011, the Borough billed thirteen cycles. The first quarter cycle for 2011 that should have been billed in December 2010 was not billed until 2011 while the same cycle for the first quarter of 2012 was billed in 2011. Audit procedures revealed significant cancellations of receivable balances in 2012 that should have been recorded in 2011. During 2011 the Borough implemented a surcharge in the Water/Sewer Utility Fund. The surcharge is a separate line item in the Borough's 2011 legally adopted budget and anticipated collections were \$593,621.00. The surcharge was not segregated from Water/Sewer Rents in the financial system. We could not satisfy ourselves as to the classification of revenues or the ending receivable balance.

The financial statements referred to above include a General Fixed Asset Account Group as required by the Division of Local Government Services. However, the Borough has not updated the financial statements of the General Fixed Asset Account Group. A detailed listing to support the balances in the financial statements presented was not provided for audit.

The Payroll Fund has an unidentified liability of \$111,301.39.

As described more fully in Note 2, the Borough has prepared these financial statements using accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In 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 or 2010 or the results of its operations and changes in fund balances for the years then ended.

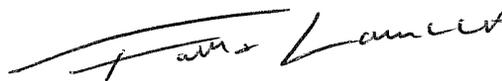
Further, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply sufficient audit procedures to determine balances as well as 2011 activity as outlined in paragraphs four through nine, the financial statements – regulatory basis 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 the results of its operations and changes in fund balance – regulatory basis of the individual funds for the year then ended and the statements of revenues – regulatory basis, and statements of expenditures – regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 2 to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 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 compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements – regulatory basis of the Borough taken as a whole. The accompanying financial information listed as supplementary schedules and comments section in the table of contents are not a required part of the financial statements – regulatory basis. The accompanying financial information listed as supplementary schedules and comments section in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements – regulatory basis. Except for the supplementary schedules and comments related to the items described in paragraphs four through nine, such information has been subjected to the auditing procedures applied in the audit of the financial statements - regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements – regulatory basis or to the financial statements – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply sufficient audit procedures to determine balances and 2011 activity as outlined in paragraphs four through nine, in our opinion, is fairly presented in all material respects in relation to the financial statements – regulatory basis taken as a whole, on the basis of accounting described in Note 2 to the financial statements – regulatory basis.



Thomas P. Fallon
Certified Public Accountant
Registered Municipal Accountant #465



Fallon & Larsen LLP

October 30, 2012

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

To the Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant
County of Ocean
Point Pleasant, New Jersey

We have audited the accompanying financial statements – regulatory basis of the Borough of Point Pleasant (the “Borough”) as of and for the year ended December 31, 2011, and have issued our report dated October 30, 2012 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 2 to the 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, that demonstrates compliance with a modified accrual basis, with certain exceptions, 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. Our opinion was also qualified as described in paragraphs two through seven.

The financial statements of the Length of Service Award Program Fund (“LOSAP”) have not been audited and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements.

The Borough did not properly monitor the activity over tax billings and collections in the Current Fund. Non-cash activity such as senior citizen and veteran adjustments and cancellations were not posted to the finance system. During 2010, tax revenue and interest on delinquent accounts was collected at the Borough tax sale and deposited to the Trust Other Fund. The revenue was not posted to the tax system until 2011. We were not able to apply sufficient auditing procedures to determine the fair presentation of the receivables or activity for tax collections.

The Borough did not reconcile detailed subsidiary records to general ledger balances in the Trust-Other Fund. We were not able to perform sufficient auditing procedures to determine the fair presentation of the ending balances of the reserves.

The Borough did not properly monitor the activity over water/sewer billings and collections. Non-cash activity such as billings and cancellations were not posted to the finance system. Proper cut-off procedures have not been implemented to ensure that billings are in the proper period. Prior practice for billing was to bill one cycle of the first quarter of the current year in December of the prior year and include the billing in the receivable balance and record the revenue for cash collections. During 2011, the Borough billed thirteen cycles. The first quarter cycle for 2011 that should have been billed in December 2010 was not billed until 2011 while the same cycle for the first quarter of 2012 was billed in 2011. Audit procedures revealed significant cancellations of receivable balances in 2012 that should have been recorded in 2011. During 2011 the Borough implemented a surcharge in the Water/Sewer Utility Fund. The surcharge is a separate line item in the Borough's 2011 legally adopted budget and anticipated collections were \$593,621.00. The surcharge was not segregated from Water/Sewer Rents in the financial system. We could not satisfy ourselves as to the classification of revenues or the ending receivable balance.

The financial statements referred to above include a General Fixed Asset Account Group as required by the Division of Local Government Services. However, the Borough has not updated the financial statements of the General Fixed Asset Account Group. A detailed listing to support the balances in the financial statements presented was not provided for audit.

The Payroll Fund has an unidentified liability of \$111,301.39.

Except as discussed in paragraphs two through seven, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comments and Recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements – regulatory basis will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Comments and Recommendations to be material weaknesses: 2011-1, 2011-2, 2011-3, and 2010-4.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying comments and recommendations to be a significant deficiency: 2011-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements – regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Comments and Recommendations as item 2011- 3.

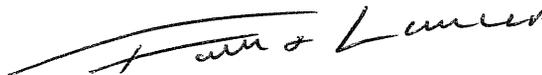
We noted certain other matters that we have reported to management of the Borough in the Comments and Recommendations section of this report.

The Borough's response to the findings identified in our audit will be described in a Corrective Action Plan to be filed, as required, with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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



Thomas P. Fallon
Certified Public Accountant
Registered Municipal Accountant #465



Fallon & Larsen LLP

October 30, 2012

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

ASSETS	Ref.	2011	2010
Cash	A-4	\$ 11,748,648.31	\$ 9,682,999.76
Cash - Change Fund	A	550.00	550.00
Petty Cash	A/A-4	408.93	108.93
		<u>11,749,607.24</u>	<u>9,683,658.69</u>
Due from State of New Jersey, Chap. 20 P.L. 1971	A-9	4,299.66	179.26
		<u>4,299.66</u>	<u>179.26</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	1,551,546.57	2,360,162.60
Tax Title Liens Receivable	A-6	14,685.59	10,268.77
Revenue Accounts Receivable	A-7	11,793.32	6,757.86
Interfund Receivable - Federal and State Grant Fund	A-22	207,880.44	280,361.47
Interfunds Receivable	A-20	1,308.97	419,048.53
		<u>1,787,214.89</u>	<u>3,076,599.23</u>
Deferred Charges:			
Deficit in Operations	A-1	32,541.79	32,541.79
Overexpenditure of Appropriation Reserves	A-10	13,462.87	
Special Emergency Authorizations	A-8	592,078.58	187,740.00
		<u>638,083.24</u>	<u>220,281.79</u>
		<u>14,179,205.03</u>	<u>12,980,718.97</u>
Federal and State Grant Fund:			
Grants Receivable	A-23	506,716.04	594,447.42
		<u>506,716.04</u>	<u>594,447.42</u>
Total Assets		<u>\$ 14,685,921.07</u>	<u>\$ 13,575,166.39</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	Ref.	2011	2010
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3/A-10	\$ 1,110,433.63	\$ 657,795.64
Reserve for Encumbrances	A-11	218,800.73	315,266.12
Tax Overpayments	A-12	37,667.14	45,912.05
Prepaid Taxes	A-13	759,104.67	576,928.42
Reserve for Health Insurance	A-14	0.10	662.69
Reserve for Recreation Improvements	A-15	68,851.00	68,851.00
County Taxes Payable	A-16	14,588.09	22,998.71
Local District School Tax Payable	A-17	8,262,508.01	7,853,331.00
Reserve for Revaluation	A-18	0.10	17,975.10
Reserve for Tax Appeals	A-1	75,000.00	
Accounts Payable	A-19	37,955.10	
Interfunds Payable - Other Funds	A-20	52,643.28	17,472.39
Special Emergency Note Payable	A-4	498,118.00	
Due to State of New Jersey - DCA Training Fees	A-4	4,198.00	
Due to State of New Jersey - Marriage License Fees	A-21	650.00	825.00
		<u>11,140,517.85</u>	<u>9,578,018.12</u>
Reserve for Receivables and Other Assets	A	1,787,214.89	3,076,599.23
Fund Balance	A-1	<u>1,251,472.29</u>	<u>326,101.62</u>
		<u>14,179,205.03</u>	<u>12,980,718.97</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-24	126,965.25	308,368.41
Unappropriated Reserves	A-25	70,404.56	
Reserve for Encumbrances	A-26	99,597.17	3,848.92
Due to State of New Jersey	A	1,645.42	1,645.42
Due to County of Ocean	A	223.20	223.20
Due Current Fund	A-22	207,880.44	280,361.47
		<u>506,716.04</u>	<u>594,447.42</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,685,921.07</u>	<u>\$ 13,575,166.39</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Fund Balance Utilized			\$ 1,414,809.00
Miscellaneous Revenue Anticipated	A-2	\$ 3,770,275.72	2,893,299.77
Receipts from Delinquent Taxes	A-2	2,365,919.34	1,710,116.54
Receipts from Current Taxes	A-2	53,822,115.34	51,467,882.22
Non-Budget Revenues	A-2	290,118.58	375,877.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	281,622.32	220,509.95
Interfunds Returned	A-20	26,429.27	
Accounts Payable Canceled			57,495.17
Tax Overpayments Canceled	A-12	0.01	
Grants Unappropriated Canceled			20,312.72
Unidentified			36,215.36
Grants Appropriated Canceled			583,926.41
		<u>60,556,480.58</u>	<u>58,780,444.31</u>
Total Revenue			
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	6,181,346.00	6,294,836.00
Other Expenses	A-3	5,648,417.58	5,427,610.00
Deferred Charges and Statutory Expenditures	A-3	1,706,690.00	1,504,789.00
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	235,014.17	190,785.05
Capital Improvements	A-3	301,600.00	390,000.00
Municipal Debt Service	A-3	2,756,427.50	1,783,824.86
Deferred Charges	A-3	93,780.00	93,780.00
		<u>16,923,275.25</u>	<u>15,685,624.91</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Ref.	Budget	Anticipated Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-7	\$ 13,000.00		\$ 13,512.00	\$ 512.00
Fees and Permits	A-7	48,000.00		47,451.40	(548.60)
Fines and Costs:					
Municipal Court	A-7	130,000.00		125,267.08	(4,732.92)
Interest and Costs on Taxes	A-7	384,000.00		497,946.18	113,946.18
Interest on Investments and Deposits	A-7	70,000.00		30,147.85	(39,852.15)
Consolidated Municipal Property Tax Relief Aid	A-7	97,816.00		97,816.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-7	1,129,760.00		1,129,760.00	
Uniform Construction Code Fees	A-7	250,000.00		252,641.00	2,641.00
N.J. Transportation Trust Fund Authority Act	A-23	235,000.00		235,000.00	
Clean Communities Program	A-23	32,311.79		32,311.79	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	14,834.00		14,834.00	
Drunk Driving Enforcement Fund	A-23		\$ 8,151.66	8,151.66	
Clean Energy Program	A-23		18,966.72	18,966.72	

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Ref.	Budget	Anticipated Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Reserve for Payment of Debt Service	A-7	\$ 517,612.00		\$ 517,612.00	
General Capital Fund Balance	A-7	375,000.00		375,000.00	
Interfund - General Capital Fund	A-7	125,000.00		125,000.00	
Interfund - Trust Other Fund	A-7	375,000.00		248,858.04	\$ (126,141.96)
Total Miscellaneous Revenues	A-1	<u>3,797,333.79</u>	\$ 27,118.38	<u>3,770,275.72</u>	<u>(54,176.45)</u>
Receipts from Delinquent Taxes	A-1/A-2	2,156,000.00		2,365,919.34	209,919.34
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	5,953,333.79	27,118.38	6,136,195.06	155,742.89
Non-Budget Revenues	A-1/A-2	12,458,569.21		12,719,205.48	260,636.27
		18,411,903.00	27,118.38	18,855,400.54	416,379.16
Total		<u>\$ 18,411,903.00</u>	\$ 27,118.38	<u>\$ 19,145,519.12</u>	<u>\$ 706,497.74</u>

Ref. A-3 A-3

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	A-1/A-5	\$ 53,822,115.34
Allocated to School ,County, and Open Space Taxes	A-5	<u>43,116,774.07</u>
Balance for Support of Municipal Budget Appropriations		10,705,341.27
Add:		
Reserve for Uncollected Taxes	A-3	<u>2,013,864.21</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>12,719,205.48</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2/A-5	\$ <u><u>2,365,919.34</u></u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2011

Analysis of Non-Budget Revenues:

Police Off-Duty Administrative Fees	\$ 1,800.00
Insurance Refunds	12,861.11
Polling Place Reimbursement	2,200.00
Administrative Fee for Homestead Rebate	1,617.00
NJLOM Wellness Raffle	1,000.00
Board of Education Gasoline	44,573.66
Tax Information	1,205.86
Boat Ramps	1,975.00
Beach Tags	3,977.00
Tax Collector Miscellaneous	5,933.57
Premium on Sale of Special Emergency Notes	819.00
Administrative Fee - Senior Citizens and Veterans	5,244.20
Unallocated Tax Receipts	15,964.55
Notary	2,480.30
Police Copies	2,320.94
Fences	1,600.00
Recycling	28,499.60
Cell Tower Rental	67,244.83
Concession Stand	2,167.00
Cable TV Fees	77,290.29
Reimbursement Grant Receipts	4,350.00
Miscellaneous	<u>4,994.67</u>

A-2/A-4 \$ 290,118.58

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	<u>Budget</u>	<u>Appropriated</u> <u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Canceled</u>
<u>Operations Within CAPS</u>						
General Government:						
General Administration						
Salaries and Wages	\$ 23,130.00	\$ 23,130.00	\$ 22,945.41	\$	184.59	
Other Expenses	127,100.00	127,100.00	89,226.49		37,873.51	
Mayor and Council						
Salaries and Wages	14,184.00	14,184.00	10,200.05		3,983.95	
Municipal Clerk						
Salaries and Wages	160,267.00	160,267.00	159,806.25		460.75	
Other Expenses	9,000.00	9,000.00	7,638.71		1,361.29	
Financial Administration						
Salaries and Wages	66,160.00	66,160.00	62,457.78		3,702.22	
Other Expenses	4,000.00	4,000.00	1,216.09		2,783.91	
Audit Services						
Other Expenses	27,000.00	27,000.00	11,227.00		15,773.00	
Revenue Administration						
Salaries and Wages	81,616.00	81,616.00	80,956.34		659.66	
Other Expenses	8,875.00	13,875.00	8,953.90		4,921.10	
Tax Assessment Administration						
Salaries and Wages	94,060.00	94,760.00	94,443.99		316.01	
Other Expenses	7,505.00	6,805.00	876.45		5,928.55	
Legal Services:						
Other Expenses	130,000.00	130,000.00	107,731.88		22,268.12	
Engineering Services:						
Other Expenses	65,000.00	65,000.00	63,178.00		1,822.00	

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	<u>Appropriated</u>		<u>Budget After</u>	<u>Paid or</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Balance</u>	<u>Canceled</u>
Planning Board	\$ 8,500.00	\$ 8,900.00	\$ 8,697.75	\$ 202.25		
Salaries and Wages	36,650.00	26,250.00	8,376.50	17,873.50		
Other Expenses						
Zoning Board of Adjustment						
Salaries and Wages	8,500.00	8,600.00	8,500.00	100.00		
Other Expenses	4,580.00	4,430.00	1,675.98	2,754.02		
Zoning Officer						
Salaries and Wages	72,816.00	72,866.00	72,816.17	49.83		
Other Expenses	500.00	500.00	495.74	4.26		
Insurance						
General Liability	180,617.00	180,617.00	175,617.00	5,000.00		
Workers' Compensation	204,985.00	204,985.00	204,985.00			
Employee Group Health	1,278,326.00	1,303,326.00	1,291,952.94	11,373.06		
Unemployment Insurance	55,000.00	55,000.00	46,068.16	8,931.84		
Police Department						
Salaries and Wages	4,110,977.00	4,083,477.00	3,993,681.71	89,795.29		
Other Expenses	200,830.00	200,830.00	191,434.38	9,395.62		
Office of Emergency Management						
Salaries and Wages	3,350.00	3,350.00		3,350.00		
Aid to Volunteer Fire Companies						
Fire Station No. 75	145,265.00	145,265.00	145,265.00			
Aid to Volunteer Ambulance Companies						
Other Expenses	80,000.00	80,000.00	48,000.00	32,000.00		

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Appropriated		Budget After	Paid or	Expended	Reserved	Unexpended
	Budget	Modification	Charged	Reserved	Balance	Canceled	
Municipal Court	\$ 28,543.00	\$	28,543.00	\$	28,542.80	\$	0.20
Salaries and Wages							
Public Defender	5,000.00		5,000.00				5,000.00
Other Expenses							
Streets and Road Maintenance							
Salaries and Wages	988,104.00		973,104.00		913,965.77		59,138.23
Other Expenses	65,186.00		80,186.00		73,486.65		6,699.35
Recycling							
Salaries and Wages	4,000.00		4,600.00		4,499.30		100.70
Other Expenses	395,500.00		394,900.00		363,400.61		31,499.39
Solid Waste Collection							
Contractual	736,000.00		736,000.00		613,333.30		122,666.70
Buildings and Grounds							
Other Expenses	14,150.00		14,150.00		14,138.49		11.51
Condominium Services	165,000.00		165,000.00		91,976.62		73,023.38
Board of Health							
Salaries and Wages	38,593.00		43,093.00		42,503.80		589.20
Other Expenses	2,295.00		2,295.00		1,995.57		299.43
Environmental Commission							
Salaries and Wages	1,200.00		1,200.00		1,200.00		
Other Expenses	1,180.00		1,180.00		497.32		682.68
Animal Control Services							
Other Expenses	30,000.00		30,000.00		19,385.00		10,615.00

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Appropriated		Budget After	Paid or	Expended	Unexpended
	Budget	Modification	Charged	Reserved	Balance	Canceled
Recreation Services and Programs						
Salaries and Wages	\$ 215,140.00	\$ 223,140.00	\$ 221,112.54	\$ 2,027.46		
Other Expenses	11,555.00	11,555.00	8,715.70	2,839.30		
Utility Expenses and Bulk Purchases						
Electricity	74,000.00	94,000.00	85,799.90	8,200.10		
Street Lighting	160,000.00	170,000.00	166,621.71	3,378.29		
Telephone	46,000.00	46,000.00	37,465.21	8,534.79		
Natural Gas	18,000.00	18,000.00	12,083.23	5,916.77		
Gasoline	130,000.00	120,000.00	109,008.69	10,991.31		
Landfill / Solid Waste Disposal Costs	660,000.00	660,000.00	526,483.28	133,516.72		
State Uniform Construction Code						
Salaries and Wages	290,356.00	290,356.00	283,439.12	6,916.88		
Other Expenses	25,250.00	15,250.00	6,284.25	8,965.75		
Sick Pay Payouts		498,118.58	210,607.60	287,510.98		
Blood Borne Pathogens - Hepatitis B						
Other Expenses	1,800.00	1,800.00		1,800.00		
Total Operations Within CAPS	11,315,645.00	11,828,763.58	10,754,971.13	1,073,792.45		

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Appropriated		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Reserved		
Contingent	\$ 1,000.00	\$ 1,000.00		\$ 1,000.00		
Total Operations Including Contingent Within CAPS	11,316,645.00	11,829,763.58	\$ 10,754,971.13	1,074,792.45		
Detail:						
Salaries and Wages	6,209,496.00	6,181,346.00	6,009,768.78	171,577.22		
Other Expenses	5,107,149.00	5,648,417.58	4,745,202.35	903,215.23		
Deferred Charges and Statutory Expenditures Within CAPS						
Statutory Expenditures:						
Public Employees' Retirement System	264,613.00	264,613.00	264,613.00			
Social Security System (O.A.S.I.)	480,000.00	465,000.00	454,279.66	10,720.34		
Police and Firemen's Retirement System	977,077.00	977,077.00	977,007.00	70.00		
Deferred Charges and Statutory Expenditures Within CAPS	1,721,690.00	1,706,690.00	1,695,899.66	10,790.34		
Total Appropriations Within CAPS	13,038,335.00	13,536,453.58	12,450,870.79	1,085,582.79		
Operations Excluded from CAPS						
Relocation Assistance	750.00	750.00		750.00		
Length of Service Awards Program	105,000.00	105,000.00	105,000.00			
Shared Service Agreements:						
Municipal Court - Borough of Point Pleasant Beach	45,000.00	45,000.00	27,190.66	17,809.34		

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	<u>Budget</u>	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Expended</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>	<u>Balance</u>	<u>Canceled</u>
Public and Private Programs Offset by Revenues:						
Clean Communities Program	\$ 32,311.79	\$ 32,311.79	\$ 32,311.79			
Drunk Driving Enforcement Fund		8,151.66	8,151.66			
Clean Energy Program		18,966.72	18,966.72			
Municipal Alliance to Prevent Alcoholism and Drug Abuse	14,834.00	14,834.00	14,834.00			
Municipal Alliance to Prevent Alcoholism and Drug Abuse - Local Match		3,708.50	3,708.50			
Matching Funds for Grants	10,000.00	6,291.50	6,291.50		\$ 6,291.50	
Total Operations - Excluded from CAPS Detail:	<u>207,895.79</u>	<u>235,014.17</u>	<u>210,163.33</u>	<u>24,850.84</u>		
Salaries and Wages						
Other Expenses	<u>207,895.79</u>	<u>235,014.17</u>	<u>210,163.33</u>	<u>24,850.84</u>		
Capital Improvements - Excluded from CAPS						
Capital Improvement Fund	66,600.00	66,600.00	66,600.00			
New Jersey DOT Trust Fund Authority Act	235,000.00	235,000.00	235,000.00			
Total Capital Improvements Excluded from CAPS	<u>301,600.00</u>	<u>301,600.00</u>	<u>301,600.00</u>			

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Appropriated		Budget After	Expended		Unexpended
	Budget	Modification	Paid or	Charged	Reserved	Balance
			Charged			Canceled
<u>Municipal Debt Service Excluded from CAPS</u>						
Payment of Bond Principal	\$ 2,060,000.00	\$ 2,060,000.00	\$ 2,060,000.00			
Interest on Bonds	696,428.00	696,428.00	696,427.50			\$ 0.50
Total Municipal Debt Service Excluded from CAPS	<u>2,756,428.00</u>	<u>2,756,428.00</u>	<u>2,756,427.50</u>			<u>0.50</u>
<u>Deferred Charges - Municipal Excluded from CAPS</u>						
Special Emergency Authorizations - 5 Years	93,780.00	93,780.00	93,780.00			
Total General Appropriations Excluded from CAPS	<u>3,359,703.79</u>	<u>3,386,822.17</u>	<u>3,361,970.83</u>	\$ 24,850.84		0.50
Subtotal General Appropriations Reserve for Uncollected Taxes	16,398,038.79	16,923,275.75	15,812,841.62	1,110,433.63		0.50
	<u>2,013,864.21</u>	<u>2,013,864.21</u>	<u>2,013,864.21</u>			
Total General Appropriations	<u>\$ 18,411,903.00</u>	<u>\$ 18,937,139.96</u>	<u>\$ 17,826,705.83</u>	<u>\$ 1,110,433.63</u>		<u>\$ 0.50</u>
Ref.	A-2	A-3	A-3	A		

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-3	\$ 18,411,903.00
Added by N.J.S. 40A:4-87	A-2	27,118.38
Special Emergency Appropriation	A-8	<u>498,118.58</u>
	A-3	<u>\$ 18,937,139.96</u>
		<u>Paid or Charged</u>
Disbursements	A-4	\$ 15,187,288.22
Reserve for Encumbrances	A-11	218,800.73
Appropriated Reserves for Federal and State Grants	A-24	312,972.67
Deferred Charges	A-8	93,780.00
Reserve for Uncollected Taxes	A-2	<u>2,013,864.21</u>
	A-3	<u>\$ 17,826,705.83</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

ASSETS	Ref.	2011	2010
Animal Control Trust Fund:			
Cash	B-1	\$ 632.02	\$ 594.49
Change Fund	B	25.00	25.00
Interfund Receivable - Current Fund	B-4	1.00	
		<u>658.02</u>	<u>619.49</u>
Open Space Trust Fund:			
Cash	B-1	207,663.89	196,880.09
Interfund Receivable - Current Fund	B-6	205.15	128.55
		<u>207,869.04</u>	<u>197,008.64</u>
Trust Other Fund:			
Cash	B-1	941,926.00	1,052,748.86
Interfund - Current Fund	B-7	52,437.13	
		<u>994,363.13</u>	<u>1,052,748.86</u>
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Funds Held by Trustee	B-11	622,583.55	592,115.69
Total Assets		<u>\$ 1,825,473.74</u>	<u>\$ 1,842,492.68</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

LIABILITIES AND RESERVES	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Animal Control Trust Fund:			
Due to State of New Jersey	B-3		\$ 1.20
Reserve for Animal Control Trust Fund Expenditures	B-2	\$ 658.02	618.29
		<u>658.02</u>	<u>619.49</u>
Open Space Trust Fund:			
Reserve for Open Space	B-10	207,869.04	197,008.64
Trust Other Fund:			
Due to Board of Education	B-8	2,321.01	2,321.01
Various Reserves	B-9	992,042.12	757,871.52
Interfund - Water/Sewer Utility Operating Fund	B-5		6,322.14
Interfund Payable - Current Fund	B-7		286,234.19
		<u>994,363.13</u>	<u>1,052,748.86</u>
Length of Service Awards Program (LOSAP) - UNAUDITED:			
Reserve for Length of Service Awards Program	B-12	622,583.55	592,115.69
Total Liabilities and Reserves		<u>\$ 1,825,473.74</u>	<u>\$ 1,842,492.68</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

ASSETS	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash	C-2	\$ 2,119,672.11	4,433,133.62
Grants Receivable	C-7		\$ 462,495.96
Interfund - Water/Sewer Capital Fund	C-2		450.00
Interfund - Payroll Fund	C	15,935.00	15,935.00
Deferred Charges to Future Taxation:			
Funded	C-4	19,812,003.99	21,897,631.30
Unfunded	C-5	<u>1,347,478.00</u>	<u>293,478.00</u>
		<u>\$ 23,295,089.10</u>	<u>\$ 27,103,123.88</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 19,470,000.00	\$ 21,530,000.00
Green Acres Loan Payable	C-10	342,003.99	367,631.30
Improvement Authorizations:			
Funded	C-11	1,907,939.00	2,069,574.75
Unfunded	C-11	1,174,703.00	120,703.00
Reserve for Encumbrances	C-12	82,852.46	1,230,551.22
Capital Improvement Fund	C-14	169,002.00	155,594.00
Reserve for Payment of Debt	C-13	99,247.04	616,859.04
Various Reserves	C-15	35,000.00	35,000.00
Interfund - Current Fund	C-9	2.00	125,375.00
Reserve for Grants Receivable	C-6		462,495.96
Fund Balance	C-1	<u>14,339.61</u>	<u>389,339.61</u>
		<u>\$ 23,295,089.10</u>	<u>\$ 27,103,123.88</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$1,347,478.00
 (Exhibit C-16)

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 389,339.61
Decreased by:		
Appropriated to 2011 Budget Revenue	C-2	<u>375,000.00</u>
Balance, December 31, 2011	C	<u>\$ 14,339.61</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

ASSETS	Ref.	2011	2010
<u>Operating Fund</u>			
Cash	D-5	\$ 997,453.34	\$ 1,228,228.99
Change Fund	D	300.00	300.00
Interfund - Trust Other Fund	D-22	<u> </u>	<u>6,322.14</u>
		<u>997,753.34</u>	<u>1,234,851.13</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>1,238,338.62</u>	<u>810,565.25</u>
Deferred Charges:			
Emergency Authorizations	D-8	100,000.00	513,625.00
Overexpenditure of Appropriation	D-8	92,047.18	96,476.06
Expenditure Without Appropriation	D-8	<u>3,620.00</u>	<u> </u>
		<u>195,667.18</u>	<u>610,101.06</u>
Total Operating Fund		<u>2,431,759.14</u>	<u>2,655,517.44</u>
<u>Capital Fund</u>			
Cash	D-5	605,348.72	2,010,814.39
Interfund - Water/Sewer Operating Fund	D-22	662,896.14	662,896.14
Deferred Charge:			
Overexpenditure of Improvement Authorization	D	8,310.40	8,310.40
Fixed Capital	D-14	30,197,184.00	28,916,180.00
Fixed Capital Authorized and Uncompleted	D-15	<u>6,221,436.00</u>	<u>7,029,040.00</u>
Total Capital Fund		<u>37,695,175.26</u>	<u>38,627,240.93</u>
Total Assets		<u>\$ 40,126,934.40</u>	<u>\$ 41,282,758.37</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Operating Fund</u>			
Appropriation Reserves	D-4/D-10	\$ 41,169.27	\$ 3,380.00
Reserve for Encumbrances	D-11	28,197.96	198,266.06
Customer Overpayments	D-12	9,698.80	12,447.66
Interfund - Water/Sewer Utility Capital Fund	D-22	662,896.14	662,896.14
Interfund - Current Fund	D-22	1.34	7,439.34
Interfund - Payroll Fund	D-22	3,311.18	1,095.72
Accrued Interest on Bonds	D-13	84,958.55	89,446.04
Emergency Note Payable	D-9		513,625.00
		<u>830,233.24</u>	<u>1,488,595.96</u>
Reserve for Receivables and Other Assets	D	1,238,338.62	810,565.25
Fund Balance	D-1	<u>363,187.28</u>	<u>356,356.23</u>
Total Operating Fund		<u>2,431,759.14</u>	<u>2,655,517.44</u>
<u>Capital Fund</u>			
Serial Bonds	D-16	6,345,000.00	6,930,000.00
Reserve for Encumbrances	D-17	622,194.90	264,841.71
Improvement Authorizations:			
Funded	D-18	1,163,248.83	2,097,822.69
Unfunded	D-18	467,845.00	787,440.00
Capital Improvement Fund	D-19	259,680.98	283,080.98
Down Payment on Improvements	D	600.00	600.00
Reserve for Amortization	D-20	28,580,585.27	28,158,495.00
Deferred Reserve for Amortization	D-21	255,594.73	69,285.00
Interfund - General Capital Fund	D-5		450.00
Fund Balance	D-2	<u>425.55</u>	<u>35,225.55</u>
Total Capital Fund		<u>37,695,175.26</u>	<u>38,627,240.93</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 40,126,934.40</u>	<u>\$ 41,282,758.37</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$1,237,440.00 (Exhibit D-23)

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$ 345,000.00	\$ 77,492.00
Water/Sewer Rents	D-3	6,335,040.24	4,734,389.09
Interest on Delinquents	D-3	51,545.09	32,546.35
Miscellaneous Revenue	D-3	57,422.86	67,785.29
Reserve for Repayment of Debt	D-3	7,800.00	99,796.00
Capital Surplus	D-3	27,000.00	145,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	3,380.00	382,199.69
Cancel Accounts Payable			21,443.90
		<hr/>	<hr/>
Total Revenue		6,827,188.19	5,560,652.32
Expenditures:			
Budget Appropriations:			
Operating	D-4	4,962,885.12	4,964,113.06
Debt Service	D-4	827,236.14	568,080.00
Deferred Charges	D-4	530,920.00	
Statutory Expenditures	D-4	267,182.00	224,646.00
Deficit in Operations in Prior Years			17,910.00
Miscellaneous Unidentified Charges			40,050.55
		<hr/>	<hr/>
Total Expenditures		6,588,223.26	5,814,799.61
Excess/(Deficit) in Revenue		238,964.93	(254,147.29)
Adjustments to Income Before Fund Balance:			
Add:			
Overexpenditure of Appropriations	D-4/D-8	12,866.12	96,476.06
Emergency Authorization	D/D-4	100,000.00	513,625.00
		<hr/>	<hr/>
Statutory Excess to Fund Balance		351,831.05	355,953.77
Fund Balance January 1	D	356,356.23	77,894.46
		<hr/>	<hr/>
		708,187.28	433,848.23
Decreased by:			
Utilization as Anticipated Revenue	D-1	345,000.00	77,492.00
		<hr/>	<hr/>
Fund Balance December 31	D	\$ <u>363,187.28</u>	\$ <u>356,356.23</u>

The accompanying notes are an integral part of these statements.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 35,225.55
Decreased by:		
Appropriated to 2011 Budget Revenue	D-3/D-5	<u>34,800.00</u>
Balance, December 31, 2011	D	<u>\$ 425.55</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2011

	Budget	Appropriated Budget After Modification	Paid or Charged	Expended	Reserved	Canceled	Over- expended
Operating:							
Salaries and Wages	\$ 1,007,663.00	\$ 977,663.00	\$ 963,916.80	\$ 963,916.80	\$ 13,746.20		
Other Expenses	1,642,981.00	1,672,981.00	1,685,847.12	1,685,847.12			
Ocean County Utilities Authority	2,199,375.00	2,299,375.00	2,298,957.27	2,298,957.27	417.73		\$ 12,866.12
Debt Service:							
Payment of Bond Principal	585,000.00	585,000.00	585,000.00	585,000.00			
Interest on Bonds	236,000.00	236,000.00	235,952.51	235,952.51		\$ 47.49	
Interest on Notes	6,300.00	6,300.00	6,283.63	6,283.63		16.37	
Deferred Charges:							
Emergency Authorizations	513,625.00	513,625.00	513,625.00	513,625.00			
Overexpenditure of Appropriations	17,295.00	17,295.00	17,295.00	17,295.00			
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	162,182.00	162,182.00	162,182.00	162,182.00			
Social Security System (O.A.S.I.)	80,000.00	80,000.00	77,994.66	77,994.66	2,005.34		
Unemployment Compensation Insurance	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00		
	<u>\$ 6,475,421.00</u>	<u>\$ 6,575,421.00</u>	<u>\$ 6,547,053.99</u>	<u>\$ 6,547,053.99</u>	<u>\$ 41,169.27</u>	<u>\$ 63.86</u>	<u>\$ 12,866.12</u>
			D-1		D/D-1		D-1/D-8
Analysis of Budget After Modification:							
Budget Appropriations	\$ 6,475,421.00	\$ 6,475,421.00					
Emergency Appropriation		100,000.00					
	<u>\$ 6,575,421.00</u>	<u>\$ 6,575,421.00</u>					
Analysis of Paid or Charged:							
Cash Disbursements			\$ 5,751,983.52				
Reserve for Encumbrances			28,197.96				
Deferred Charges - Emergency Authorizations			513,625.00				
Deferred Charges - Overexpenditure of Appropriations			17,295.00				
Accrued Interest Bonds			235,952.51				
			<u>\$ 6,547,053.99</u>				

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

PAYROLL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

ASSETS	<u>2011</u>	<u>2010</u>
Cash	\$ 197,059.42	\$ 160,038.20
Interfund - Water Sewer Utility Operating Fund	3,311.18	1,095.72
Interfund - Current Fund	<u> </u>	<u>17,343.84</u>
	<u>\$ 200,370.60</u>	<u>\$ 178,477.76</u>
LIABILITIES		
Payroll Taxes Payable	\$ 71,828.58	\$ 67,692.36
Interfund - General Capital Fund	15,935.00	15,935.00
Interfund - Current Fund	1,305.63	
Unidentified	<u>111,301.39</u>	<u>94,850.40</u>
	<u>\$ 200,370.60</u>	<u>\$ 178,477.76</u>

The accompanying notes are an integral part of this statement.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
 REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
General Fixed Assets:			
Land	F-1	\$ 4,348,111.00	\$ 4,348,111.00
Buildings and Improvements	F-1	4,427,014.00	4,427,014.00
Equipment and Machinery	F-1	2,832,652.00	2,832,652.00
Vehicles	F-1	<u>1,493,607.00</u>	<u>1,493,607.00</u>
		<u>\$ 13,101,384.00</u>	<u>\$ 13,101,384.00</u>
Investments in General Fixed Assets	F-1	<u>\$ 13,101,384.00</u>	<u>\$ 13,101,384.00</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1 REPORTING ENTITY

This report includes the financial statements of the Borough of Point Pleasant (the "Borough"), within the County of Ocean, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Borough Council. The financial statements of the Board of Education, the first aid organization and volunteer fire companies are reported separately since their activities are administered by separate boards.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Funds

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

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

Current Fund - resources and expenditures for governmental operations of a general nature.

Grant Fund - accounts for receipts and disbursements of Federal and State grants.

Trust Funds - receipts, custodianship, and disbursement of monies in accordance with the purpose for which each reserve was created.

Animal Control Trust Fund - animal license revenue and expenditures.

Length of Service Award Program Fund - Receipt and disbursement of funds held in trust for program eligible volunteers.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Description of Funds (continued)

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

Water-Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipality-owned water - sewer utility. Bonds and notes payable of the utility fund is recorded in the utility capital funds.

Payroll Fund - receipts and disbursements to account for the payroll and payroll tax liabilities of the Borough. Amounts are received from the Current and Water - Sewer Utility.

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

B. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

Cash, Cash Equivalents and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The Borough of Point Pleasant is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

The Borough considers highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

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

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

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Deferred Charges (continued) - Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2011 is set forth in Note 8.

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

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Asset Group at its market value.

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. GAAP does not require the establishment of an offsetting reserve.

Inventory of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The inventories have offsetting reserve amounts.

Fixed Assets - Utility - property and equipment purchased by the Utility Funds are recorded in the Utility Capital Funds at cost and is adjusted for dispositions and abandonments. The amount reported for reserve for amortization of fixed capital acquired on the balance sheet of the Utility Capital Funds represents the aggregate charges (capital outlay and debt service) to the operating budget for the costs of acquisitions of property and equipment and proceeds from grants-in-aid. The utilities do not record depreciation of property and equipment. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by enterprise funds.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Reserve for Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

General Fixed Assets - property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the Directive.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation on general fixed assets is recorded in the financial statements.

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

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

C. Basic Financial Statements

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

As of December 31, 2011, the Borough had funds or deposits in checking and statement savings accounts.

At December 31, 2011, the Borough's deposits had a carrying amount of \$16,819,687.74 and a bank balance of \$16,570,710.24. Of the bank balance \$250,000.00 was covered by federal depository insurance, and the remainder was covered by the Governmental Unit Deposit Protection Act.

All bank deposits as of the balance sheet date are entirely insured or covered by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act (see Note 2 - Cash, Cash Equivalents and Investments).

Custodial Credit Risk - Deposits

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

Investments

As of December 31, 2011, the Borough had the following investments:

	<u>Book Value</u>	<u>Fair Value</u>
LOSAP	\$622,583.55	\$622,583.55

Interest Rate Risk

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

Credit Risk

State law limits investments as noted above.

The fair value of the above-listed investments was based on quoted market prices.

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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund:	
Bonds and Notes	\$1,347,478.00
Water-Sewer Utility Capital Fund:	
Bonds and Notes	1,237,440.00

NOTE 5 LONG-TERM 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 terms 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.

Bonds Payable

General Capital Fund Bonds Payable

In September 1998, the Borough issued \$5,900,000.00 general obligation bonds for general improvements. The annual maturities are \$470,000.00 through 2014, interest rates ranging from 4.400% to 4.500%.	\$ 1,410,000.00
In December 2003, the Borough issued \$9,270,000.00 general obligation bonds for general improvements. The annual maturities range from \$850,000.00 to \$1,020,000.00 through 2015, interest rates ranging from 3.400% to 3.750%.	3,910,000.00
In July 2010, the Borough issued \$14,890,000.00 general obligation bonds for general improvements. The annual maturities range from \$765,000.00 to \$1,480,000.00 through 2024, interest rates ranging from 2.000% to 4.000%.	<u>14,150,000.00</u>
Total General Capital Fund Bonds Payable	<u>\$ 19,470,000.00</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Bonds Payable (continued)

General Capital Fund Bonds Payable (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for General Capital Fund Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,085,000.00	\$ 632,047.50	\$ 2,717,047.50
2013	2,280,000.00	567,167.50	2,847,167.50
2014	2,310,000.00	494,987.50	2,804,987.50
2015	1,870,000.00	420,462.50	2,290,462.50
2016	900,000.00	365,212.50	1,265,212.50
2017-2021	5,585,000.00	1,365,425.00	6,950,425.00
2022-2024	<u>4,440,000.00</u>	<u>329,300.00</u>	<u>4,769,300.00</u>
Total	\$ <u>19,470,000.00</u>	\$ <u>4,174,602.50</u>	\$ <u>23,644,602.50</u>

Water-Sewer Utility Capital Fund Bonds Payable

In September, 1998, the Borough issued \$2,225,000.00 general obligation bonds for improvements to the Borough's Water-Sewer Utility. The annual maturities are \$170,000.00 through 2015, interest rates ranging from 4.400% to 4.500% \$ 680,000.00

In December 2003, the Borough issued \$2,408,000.00 general obligation bonds for improvements to the Borough's Water-Sewer Utility. The annual maturities range from \$275,000.00 to \$310,000.00 through 2014, interest rates ranging from 3.400% to 3.625%. 875,000.00

In July 2010, the Borough issued \$4,980,000.00 general obligation bonds for improvements to the Borough's Water-Sewer Utility. The annual maturities range from \$190,000.00 to \$380,000.00 through 2029, interest rates ranging from 2.000% to 4.000%. 4,790,000.00

Total Water-Sewer Utility Capital Bonds \$ 6,345,000.00

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Bonds Payable (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Water-Sewer Utility Capital Fund Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 635,000.00	\$ 221,560.00	\$ 856,560.00
2013	660,000.00	200,930.00	860,930.00
2014	685,000.00	179,300.00	864,300.00
2015	380,000.00	156,312.50	536,312.50
2016	215,000.00	144,462.50	359,462.50
2017-2021	1,185,000.00	617,837.50	1,802,837.50
2022-2026	1,475,000.00	400,650.00	1,875,650.00
2027-2029	<u>1,110,000.00</u>	<u>90,000.00</u>	<u>1,200,000.00</u>
Total	\$ <u>6,345,000.00</u>	\$ <u>2,011,052.50</u>	\$ <u>8,356,052.50</u>

Loans Payable

General Capital Fund Loans Payable

On November 20, 2000, the Borough received a \$148,836.00 loan under the Green Trust Loan Program for River and Maxon Avenue Beach Development. The loan is due in semi-annual installments ranging from \$3,868.70 to \$4,581.72 through 2020, interest rate at 2.00%.

\$ 75,883.60

On October 24, 2000, the Borough received a \$305,000.00 loan under the Green Trust Loan Program for McKenna Lake. The loan is due in semi-annual installments ranging from \$7,927.90 to \$9,389.05 through 2020, interest rate at 2.00%.

155,503.74

On November 1, 2010 the Borough received a \$113,000.00 loan under the Green Trust Loan Program for Riverfront Park. The loan is due in semi-annual installments ranging from \$2,407.18 to \$3,478.57 through 2030, interest rate at 2.00%

110,616.65

Total General Capital Loans

\$ 342,003.99

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Loans Payable (continued)

General Capital Fund Loans Payable (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for General Capital Fund Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 28,549.61	\$ 6,698.05	\$ 35,247.66
2013	29,123.45	6,124.21	35,247.66
2014	29,708.83	5,538.83	35,247.66
2015	30,305.99	4,941.67	35,247.66
2016	30,915.14	4,332.52	35,247.66
2017-2021	135,788.11	12,229.23	148,017.34
2022-2026	30,729.84	4,403.66	35,133.50
2027-2030	<u>26,883.02</u>	<u>1,223.78</u>	<u>28,106.80</u>
Total	\$ <u>342,003.99</u>	\$ <u>45,491.95</u>	\$ <u>387,495.94</u>

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2011 are summarized as follows:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2011</u>
<u>General Capital Fund</u>				
Bonds Payable	\$ 21,530,000.00	\$ -	\$ 2,060,000.00	\$ 19,470,000.00
Loans Payable	<u>367,631.30</u>	<u>-</u>	<u>25,627.31</u>	<u>342,003.99</u>
	<u>21,897,631.30</u>	<u>-</u>	<u>2,085,627.31</u>	<u>19,812,003.99</u>
<u>Water - Sewer Utility Capital Fund</u>				
Bonds Payable	<u>6,930,000.00</u>	<u>-</u>	<u>585,000.00</u>	<u>6,345,000.00</u>
	<u>6,930,000.00</u>	<u>-</u>	<u>585,000.00</u>	<u>6,345,000.00</u>
Total	\$ <u>28,827,631.30</u>	\$ <u>-</u>	\$ <u>2,670,627.31</u>	\$ <u>26,157,003.99</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 5 LONG-TERM DEBT (continued)

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2011 was .58%. The Borough's remaining borrowing power is 2.92%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

NOTE 6 SHORT-TERM DEBT

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing 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.

On December 31, 2010 and 2011, the Borough had no outstanding bond anticipation notes.

Special Emergency Notes (40A:4-55)

The Borough issues special emergency notes to fund special emergency appropriations prior to the funds being raised in the budget. The term of the notes cannot exceed one year but the notes may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid not later than the last day of the fifth year following the date of the emergency resolution.

On December 31, 2011 the Borough had \$498,118.00 outstanding in Current Fund special emergency notes. The notes were issued on December 21, 2011 and mature on December 21, 2012 at an interest rate of 2.25%.

Emergency Notes (40A:4-51)

Any local unit may borrow money and issue negotiable notes to meet an emergency appropriation. All such notes, and any renewals thereof, shall mature not later than the last day of the fiscal year next succeeding the fiscal year in which such notes were issued and the emergency appropriation authorized.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 6 SHORT-TERM DEBT (continued)

Changes in Special Emergency Notes and Emergency Notes

Transactions for the year ended December 31, 2011 are summarized as follows:

	Balance Dec. 31, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance Dec. 31, <u>2011</u>
<u>Current Fund</u>				
Special Emergency Notes	\$ <u>-</u>	\$ <u>498,118.00</u>	\$ <u>-</u>	\$ <u>498,118.00</u>
<u>Water-Sewer Utility Operating</u>				
Emergency Notes	\$ <u>513,625.00</u>	\$ <u>-</u>	\$ <u>513,625.00</u>	\$ <u>-</u>

NOTE 7 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.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011 the following deferred charges are shown on the Balance Sheets of the various funds:

	Balance December 31, 2011	2012 Budget Appropriation	Balance Succeeding Budgets
Current Fund:			
Special Emergency			
Authorizations N.J.S. 40A:4-55	\$ 592,078.58	\$ 193,405.00	\$ 398,673.58
Deficit in Operations	32,541.79	32,541.79	-
Overexpenditure of Appropriation Reserves	<u>13,462.87</u>	<u>-</u>	<u>13,462.87</u>
	<u>638,083.24</u>	<u>225,946.79</u>	<u>412,136.45</u>
Water-Sewer Utility Operating Fund:			
Emergency Appropriation	100,000.00	100,000.00	-
Overexpenditure of Appropriation	92,047.18	92,047.18	-
Expenditure Without Appropriation	<u>3,620.00</u>	<u>3,620.00</u>	<u>-</u>
	<u>195,667.18</u>	<u>195,667.18</u>	<u>-</u>
Water-Sewer Utility Capital Fund:			
Overexpenditure of Improvement Authorization	<u>8,310.40</u>	<u>8,310.40</u>	<u>-</u>
	<u>8,310.40</u>	<u>8,310.40</u>	<u>-</u>
Total	\$ <u>842,060.82</u>	\$ <u>429,924.37</u>	\$ <u>412,136.45</u>

The appropriations in the 2012 budget are not as required by statute.

NOTE 9 TAXES COLLECTED IN ADVANCE

Taxes collected in advance and 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	\$ 759,104.67	\$ 576,928.42

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 10 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 1st in each year and filed with the County Board of Taxation (“Board”) by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Regional High School District, 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 20th, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (“Collector”) on or before June 3rd.

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 preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 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 delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to “Tax Sale” which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 11 LOCAL DISTRICT SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% (fifty percent) of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end taxes due consisted of the following:

	<u>Local District School Tax</u> <u>Balance December 31,</u>	
	<u>2011</u>	<u>2010</u>
Balance of Tax	\$ 15,311,215.01	\$ 14,902,038.00
Deferred	<u>7,048,707.00</u>	<u>7,048,707.00</u>
Taxes Payable	\$ <u>8,262,508.01</u>	\$ <u>7,853,331.00</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 12 FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2011, which are appropriated and included as anticipated revenue in the 2012 municipal budgets for the year ended December 31, 2012, are as follows:

Current Fund	\$1,221,000.00
Water-Sewer Utility Operating Fund	167,520.10

NOTE 13 PENSIONS AND RETIREMENT PLANS

Plan Description

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

Funding Policy

Employee contributions at December 31, 2011 were six and one-half (6 ½%) and ten percent (10%) of their base wages for PERS and PFRS, respectively. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$426,795.00	\$977,007.00
2010	346,078.00	799,422.00
2009	183,001.00	707,323.00

All contributions were equal to the required contributions for each of the three years, respectively.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 14 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”)

A. Plan Description

In addition to the pension benefits described in Note 13, the Borough contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough provides post-employment health care benefits to employees upon retirement after twenty-five years of service to the Borough of Point Pleasant and remains in effect until the employee becomes Medicare eligible. The plan can be amended by the Borough subject to applicable collective bargaining and employment agreements.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website.

B. Funding Policy

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

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough currently contributes on a pay-as-you-go basis based upon monthly invoices from the State of New Jersey Division of Pensions. Contributions to the plan and the number of former employees eligible for and participating in the post employment health care benefits program with the SHBP for the year ending December 31, 2011 and for the period July 1, 2010 to December 31, 2010 was as follows:

<u>Year</u>	<u>Contribution</u>	<u>Number of Employees</u>
2011	\$246,804.65	21
2010	64,098.37	13

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 14 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”) (continued)

B. Funding Policy (continued)

All contributions were equal to the required contributions.

Prior to July 1, 2010, the Borough administered a single employer defined benefit healthcare plan. Contributions to the prior plan for the period January 1, 2010 to June 30, 2010 was \$93,014.68 for 17 retired employees. Actuarial data for prior years has not been provided.

NOTE 15 DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are for the exclusive benefit of the Plan participants and their beneficiaries and the assets cannot be diverted to any other purpose. The Borough serves as Trustee under the Plan.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,182.00 per year of active emergency service.

Appropriations - Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget.

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED (continued)

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

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

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

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

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

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 17 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Fund	General Capital Fund	\$ 2.00
Current Fund	Payroll Fund	1,305.63
Current Fund	Water-Sewer Utility Operating Fund	1.34
Current Fund	Federal and State Grant Fund	<u>207,880.44</u>
		<u>209,189.41</u>
Open Space Trust Fund	Current Fund	<u>205.15</u>
Payroll Fund	Water-Sewer Utility Operating Fund	<u>3,311.18</u>
Trust Other Fund	Current Fund	<u>52,437.13</u>
Water-Sewer Utility Capital Fund	Water-Sewer Utility Operating Fund	<u>662,896.14</u>
General Capital Fund	Payroll Fund	<u>15,935.00</u>
		\$ <u>943,974.01</u>

All balances resulted the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

NOTE 18 INTERFUND TRANSFERS

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Current Fund	General Capital Fund	\$ 125,373.00
Current Fund	Trust Other Fund	338,671.32
Current Fund	Water/Sewer Utility Operating Fund	7,438.00
Current Fund	Open Space Trust Fund	76.60
Current Fund	Animal Control Trust Fund	1.00
Current Fund	Federal and State Grant Fund	72,481.03
Payroll Fund	Current Fund	18,649.47
Payroll Fund	Water/Sewer Utility Operating Fund	2,215.46
Water/Sewer Utility Operating Fund	Trust Other Fund	6,322.14

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 18 INTERFUND TRANSFERS (continued)

Transfers are primarily used to move funds from:

- The Current Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.
- The Utility Operating Funds to the Utility Capital Funds to finance capital improvements accounted for in the Utility Capital Funds in accordance with budgetary authorizations.

NOTE 19 FIXED ASSETS AND FIXED CAPITAL

The Borough did not provide fixed asset activity for audit nor is there a detailed list to support the balances. See Independent Auditors' Report.

Fixed asset and fixed capital activity for the year ended December 31, 2011 was as follows:

Fixed Assets

	Balance Dec. 31, <u>2010</u>	<u>Additions</u>	<u>Disposals</u>	Balance Dec. 31, <u>2011</u>
Land	\$ 4,348,111.00	\$ -	\$ -	\$ 4,348,111.00
Buildings and Improvements	4,427,014.00	-	-	4,427,014.00
Equipment and Machinery	2,832,652.00	-	-	2,832,652.00
Vehicles	<u>1,493,607.00</u>	<u>-</u>	<u>-</u>	<u>1,493,607.00</u>
	<u>\$ 13,101,384.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,101,384.00</u>

Fixed Capital - Water-Sewer Utility

	Balance Dec. 31, <u>2010</u>	<u>Additions</u>	<u>Disposals</u>	Balance Dec. 31, <u>2011</u>
Water-Sewer System	\$ <u>28,916,180.00</u>	\$ <u>1,281,004.00</u>	<u>-</u>	\$ <u>30,197,184.00</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 20 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Borough is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk 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 JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program. There were no settlements in excess of insurance coverage in 2011, 2010 and 2009.

NOTE 21 CONTINGENT LIABILITIES

A. Accrued Vacation and Sick Pay (Unaudited)

As discussed in Note 2 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The total amount of the liability upon retirement, based upon the above data and limitations, is approximately \$1,702,000.00 at December 31, 2011. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

B. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The Borough has not established a reserve in the trust fund. The amount in the payroll fund can not be determined.

C. Litigation

The Borough is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Borough Officials, based upon the opinion of the Borough Counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 21 CONTINGENT LIABILITIES (continued)

D. Federal and State Grants

The Borough receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of December 31, 2011, the Borough estimates that no material liabilities will result from such audits.

NOTE 22 SUBSEQUENT EVENTS

On March 20, 2012, the Borough adopted a water/sewer capital ordinance authorizing \$426,405.00 in debt to complete various improvements authorized by a prior ordinance.

On March 20, 2012, the Borough adopted a water/sewer capital ordinance authorizing \$199,885.00 in debt to complete the purchase and replacement of the existing water tower at Well No. 5.

On March 20, 2012, the Borough adopted a general capital ordinance authorizing \$85,263.00 in debt for drainage improvements at Powhatan Avenue.

On March 20, 2012, the Borough adopted a water/sewer capital ordinance authorizing \$1,926,125.00 in debt for the replacement of the sanitary sewer pumping stations at Meadow Point and Bradley Road.

On September 4, 2012, the Borough adopted a general capital ordinance authorizing \$1,679,147.00 in debt for the purchase of equipment for various departments.

On September 4, 2012, the Borough adopted a water/sewer capital ordinance authorizing \$231,420.00 in debt for various water and sewer improvements.

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$ 9,682,999.76
Increased by Receipts:			
State of New Jersey (Ch. 20, P.L. 1971)	A-9	\$ 262,210.08	
Taxes Receivable	A-5	55,332,525.78	
Revenue Accounts Receivable	A-7	3,087,033.51	
Interfund - Federal and State Grant Fund:			
Grants Receivable	A-22	396,995.55	
Unappropriated Reserves	A-22	70,404.56	
Due to State of New Jersey - Marriage License Fees Payable	A-21	2,975.00	
Non-Budget Revenues	A-2	290,118.58	
Prepaid Taxes	A-13	759,104.67	
Tax Overpayments	A-12	29,791.74	
Reserve for Health Insurance	A-14	7,110.94	
Emergency Note Payable	A	498,118.00	
Due State of New Jersey - DCA Training Fees	A	15,063.00	
Interfunds	A-20	<u>381,670.04</u>	
			<u>61,133,121.45</u>
			70,816,121.21
Decreased by Disbursements:			
2011 Budget Appropriations	A-3	15,187,288.22	
2010 Appropriation Reserves	A-10	666,947.21	
Tax Overpayments	A-12	38,807.90	
County Taxes Payable	A-16	12,437,499.09	
Local School District Tax	A-17	30,213,251.99	
Reserve for Revaluation	A-18	17,975.00	
Interfund - Federal and State Grant Fund	A-22	398,627.58	
Due to State of New Jersey - Marriage License Fees Payable	A-21	3,150.00	
Reserve for Health Insurance	A-14	7,773.53	
Interfunds	A-20	83,829.47	
Refund Prior Year's Revenue	A-1	1,157.91	
Due State of New Jersey - DCA Training Fees	A	10,865.00	
Increase in Petty Cash	A	<u>300.00</u>	
			<u>59,067,472.90</u>
Balance, December 31, 2011	A		\$ <u>11,748,648.31</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance, December 31, 2010	A	\$	10,268.77
Increased by:			
Transfer from Taxes Receivable	A-5	\$	4,372.74
Interest and Cost of Tax Sale, December 20, 2011			<u>44.08</u>
			<u>4,416.82</u>
Balance, December 31, 2011	A	\$	<u>14,685.59</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	13,512.00	\$	13,512.00
Fees & Permits:					
Other	A-2		47,451.40	47,451.40	
Municipal Court:					
Fines and Costs	A-2	\$	6,757.86	130,302.54	125,267.08
Other Revenue:					\$
Interest and Costs on Taxes	A-2		497,946.18	497,946.18	11,793.32
Interest on Investments and Deposits	A-2		30,147.85	30,147.85	
Consolidated Municipal Property Tax Relief Aid	A-2		97,816.00	97,816.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-2		1,129,760.00	1,129,760.00	
Uniform Construction Code Fees	A-2		252,641.00	252,641.00	
Reserve for Payment of Debt Service	A-2		517,612.00	517,612.00	
General Capital Fund Balance	A-2		375,000.00	375,000.00	
Interfund - General Capital Fund	A-2		125,000.00	125,000.00	
Interfund - Trust Other Fund	A-2		248,858.04	248,858.04	
		<u>\$</u>	<u>6,757.86</u>	<u>\$</u>	<u>3,466,047.01</u>
				<u>\$</u>	<u>3,461,011.55</u>
	Ref.	A			A
Cash Receipts	A-4			\$	3,087,033.51
Interfund - Trust Other Fund	A-20				120.00
Interfund - Trust Other Fund	A-20				248,858.04
Interfund - General Capital Fund	A-20				125,000.00
				<u>\$</u>	<u>3,461,011.55</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES
 N.J.S. 40A: 4-55 SPECIAL EMERGENCY

Date Authorized	Purpose	Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2010	Authorized in 2011	Budget Appropriation	Balance Dec. 31, 2011
2008 10/17/11	Revaluation Severance Liabilities	\$ 468,900.00 498,118.58	\$ 93,780.00 99,623.72	\$ 187,740.00	\$ 498,118.58	\$ 93,780.00	\$ 93,960.00 498,118.58
				<u>\$ 187,740.00</u>	<u>\$ 498,118.58</u>	<u>\$ 93,780.00</u>	<u>\$ 592,078.58</u>
			<u>Ref.</u>	A	A-1/A-3	A-3	A

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE FROM STATE - P.L. 1971, C. 20

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$ 179.26
Increased by:			
Senior Citizens		\$ 65,625.00	
Veterans		207,750.00	
Deductions Allowed by Collector		6,500.00	
Deductions Disallowed by Collector		<u>(1,294.52)</u>	
	A-5		<u>278,580.48</u>
			278,759.74
Decreased by:			
Deductions Disallowed by Collector - Prior Taxes	A-1	12,250.00	
Received from State of New Jersey	A-4	<u>262,210.08</u>	
			<u>274,460.08</u>
Balance, December 31, 2011	A		\$ <u><u>4,299.66</u></u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over - Expenditure
<u>Operations Within CAPS</u>						
General Government:						
General Administration						
Other Expenses	\$ 22,390.96	\$ 12,998.57	\$ 54,389.53	\$ 42,859.05	\$ 11,530.48	
Mayor and Council						
Salaries and Wages	1,963.04		1,562.04		1,562.04	
Municipal Clerk						
Other Expenses	727.75	567.34	1,295.09	1,288.30	6.79	
Financial Administration						
Salaries and Wages	218.82		218.82		218.82	
Other Expenses	61.92	146.58	208.50	146.58	61.92	
Audit Services						
Other Expenses		27,367.50	39,867.50	37,500.00	2,367.50	
Revenue Administration						
Salaries and Wages	8,065.68		1,065.68		1,065.68	
Other Expenses	85.77		85.77		85.77	
Tax Assessment Administration						
Other Expenses	2,038.44		2,038.44	1,573.79	464.65	
Legal Services						
Other Expenses	10,083.55	1,745.45	11,829.00	11,829.00		
Engineering Costs						
Other Expenses	6,241.50	10,249.50	23,491.00	12,033.75	11,457.25	
Planning Board						
Other Expenses	2,091.67	5,352.50	7,444.17	1,627.40	5,816.77	
Zoning Board						
Other Expenses	219.82	316.25	536.07		536.07	
Zoning Officer						
Salaries and Wages	37.23		37.23		37.23	
Other Expenses	14.68	73.79	88.47	73.79	14.68	

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over - Expenditure
Insurance	\$					
General Liability	850.00	\$	850.00		850.00	
Workers' Compensation	627.00		627.00		627.00	
Employee Group Health	4,756.13	\$ 13,616.97	18,373.10	\$ 31,835.97		\$ 13,462.87
Public Safety:						
Police						
Salaries and Wages	75,255.56		20,255.56	7,721.95	12,533.61	
Other Expenses	15,019.56	11,097.00	26,116.56	20,510.92	5,605.64	
Office of Emergency Management						
Other Expenses		135.00	135.00		135.00	
Municipal Court						
Salaries and Wages	35,384.06		35,384.06	18,636.68	16,747.38	
Other Expenses	1,965.50	316.00	2,281.50	75.00	2,206.50	
Public Defender						
Other Expenses	1,451.42		1,451.42		1,451.42	
Streets and Roads Maintenance						
Salaries and Wages	481.95		882.95	882.71	0.24	
Other Expenses	12,464.11	17,512.17	29,976.28	18,339.15	11,637.13	
Recycling						
Salaries and Wages	253.88		253.88		253.88	
Other Expenses	32,581.85		32,581.85	32,400.00	181.85	
Solid Waste Collection						
Other Expenses		63,166.63	63,166.63	59,666.67	3,499.96	
Buildings and Grounds						
Other Expenses	2,520.84	2,463.12	4,983.96	4,175.44	808.52	
Condominium Services Act						
Other Expenses	141,960.50	10,039.50	202,000.00	201,147.85	852.15	

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over - Expenditure
Board of Health	\$ 1,405.55	\$ 124.00	\$ 1,405.55	\$ 124.00	\$ 1,405.55	
Salaries and Wages	744.83		868.83		744.83	
Other Expenses						
Animal Control Services	10,189.70		10,189.70	3,401.00	6,788.70	
Other Expenses						
Environmental Commission						
Other Expenses	50.00	460.00	510.00	486.82	23.18	
Recreation Services and Programs						
Salaries and Wages	126.58		126.58		126.58	
Other Expenses	5,469.76	446.19	5,915.95	2,163.41	3,752.54	
Utility Expenses and Bulk Purchases						
Electricity	15,245.12	50.46	15,295.58	12,535.30	2,760.28	
Street Lighting	21,031.42	1,049.37	9,580.79	1,049.37	8,531.42	
Telephone	184.21	10,176.34	10,360.55	1,768.09	8,592.46	
Natural Gas	998.57	5,560.68	6,559.25	6,077.87	481.38	
Gasoline	39,692.65	13,171.96	52,864.61	24,494.48	28,370.13	
Landfill/Solid Waste Disposal Costs						
Other Expenses	14,992.55	106,707.78	107,700.33	41,615.12	66,085.21	
State Uniform Construction Code						
Salaries and Wages	397.62		397.62	145.60	252.02	
Other Expenses	7,910.29	355.47	8,265.76	5,660.47	2,605.29	
Salary Adjustments	2,363.21		2,363.21	1,000.78	1,362.43	
Blood Borne Pathogens - Hepatitis B						
Other Expenses	1,800.00		1,800.00		1,800.00	

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed	Over - Expenditure
Contingent Statutory Expenditures:						
Social Security System (O.A.S.I.)	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$	\$ 1,000.00	
	<u>38,630.39</u>		<u>38,630.39</u>		<u>38,630.39</u>	
Total Appropriations (Including Contingent) Within CAPS	\$ 542,045.64	\$ 315,266.12	\$ 857,311.76	\$ 604,846.31	\$ 265,928.32	\$ 13,462.87
<u>Appropriations Excluded from CAPS</u>						
Relocation Assistance						
Other Expenses	750.00		750.00		750.00	
Length of Service Award Program						
Other Expenses	105,000.00		105,000.00	100,056.00	4,944.00	
Matching Funds for Grants	<u>10,000.00</u>		<u>10,000.00</u>		<u>10,000.00</u>	
Total Appropriations Excluded from CAPS	115,750.00		115,750.00	100,056.00	15,694.00	
	<u>\$ 657,795.64</u>	<u>\$ 315,266.12</u>	<u>\$ 973,061.76</u>	<u>\$ 704,902.31</u>	<u>\$ 281,622.32</u>	<u>\$ 13,462.87</u>
Ref.	A	A-11			A-1	A
Cash Disbursed				\$ 666,947.21		
Accounts Payable				<u>37,955.10</u>		
				<u>\$ 704,902.31</u>		

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 315,266.12
Increased by:		
Current Appropriations Charged	A-3	218,800.73
		<u>534,066.85</u>
Decreased by:		
Transferred to Appropriation Reserves	A-10	315,266.12
Balance, December 31, 2011	A	\$ <u>218,800.73</u>

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 45,912.05
Increased by:		
Receipts	A-4	\$ 29,791.74
Refund of Prior Year Revenue	A-1	<u>771.26</u>
		<u>30,563.00</u>
		76,475.05
Decreased by:		
Canceled	A-1	0.01
Refunds	A-4	<u>38,807.90</u>
		<u>38,807.91</u>
Balance, December 31, 2011	A	\$ <u>37,667.14</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 576,928.42
Increased by:		
Collections, 2012 Taxes	A-4	<u>759,104.67</u>
		1,336,033.09
Decreased by:		
Applied to Taxes Receivable	A-5	<u>576,928.42</u>
Balance, December 31, 2011	A	\$ <u><u>759,104.67</u></u>

Exhibit A-14

SCHEDULE OF RESERVE FOR HEALTH INSURANCE

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 662.69
Increased by:		
Cash Receipts	A-4	<u>7,110.94</u>
		7,773.63
Decreased by:		
Cash Disbursed	A-4	<u>7,773.53</u>
Balance, December 31, 2011	A	\$ <u><u>0.10</u></u>

Exhibit A-15

SCHEDULE OF RESERVE FOR RECREATION IMPROVEMENTS

	<u>Ref.</u>	
Balance, December 31, 2010 and 2011	A	\$ <u><u>68,851.00</u></u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 22,998.71
Increased by:		
County Tax	A-5	\$ 10,328,134.73
County Library Tax	A-5	1,197,326.85
County Open Space Tax	A-5	440,960.63
County Health Tax	A-5	448,078.17
Due County for Added and Omitted Taxes	A-5	<u>14,588.09</u>
	A-1	12,429,088.47
		<u>12,452,087.18</u>
Decreased by:		
Payments	A-4	<u>12,437,499.09</u>
Balance, December 31, 2011	A	\$ <u>14,588.09</u>

Exhibit A-17

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2010:		
School Tax Payable	A	\$ 7,853,331.00
School Tax Deferred		<u>7,048,707.00</u>
		\$ 14,902,038.00
Increased by:		
Levy - For School Year July 1, 2011 to June 30, 2012	A-5	<u>30,622,429.00</u>
		45,524,467.00
Decreased by:		
Payments	A-4	<u>30,213,251.99</u>
Balance, December 31, 2011:		
School Tax Payable	A	8,262,508.01
School Tax Deferred		<u>7,048,707.00</u>
		\$ <u>15,311,215.01</u>
<u>2011 Liability for Local District School Tax</u>		
Tax Paid	A-4	\$ 30,213,251.99
School Tax Payable, December 31, 2011	A	<u>8,262,508.01</u>
		38,475,760.00
School Tax Payable, December 31, 2010	A	<u>7,853,331.00</u>
Amount Charged to 2011 Operations	A-1	\$ <u>30,622,429.00</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 SCHEDULE OF RESERVE FOR REVALUATION

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 17,975.10
Decreased by:		
Cash Disbursements	A-4	<u>17,975.00</u>
Balance, December 31, 2011	A	<u>\$ 0.10</u>

Exhibit A-19

SCHEDULE OF ACCOUNTS PAYABLE

	<u>Ref.</u>	
Increased by:		
Transfer from Appropriation Reserves	A-10	<u>\$ 37,955.10</u>
Balance, December 31, 2011	A	<u>\$ 37,955.10</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
 SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE) - OTHER FUNDS

	Ref.	Total (MEMO.ONLY)	General Capital Fund	Trust Other Fund	Payroll Fund	Water/Sewer Utility Operating Fund	Open Space Trust Fund	Animal Control Fund
Balance, December 31, 2010:								
Interfund Receivable	A	\$ 419,048.53	\$ 125,375.00	\$ 286,234.19		\$ 7,439.34	\$	\$
Interfund Payable	A	\$ (17,472.39)			\$ (17,343.84)		\$ (128.55)	
Increased by:								
Revenue Accounts Receivable	A-7	120.00		120.00				
Disbursements	A-4	83,829.47			18,649.47		65,180.00	
		83,949.47		120.00	18,649.47		65,180.00	
Decreased by:								
Receipts	A-4	485,525.61	125,375.00	286,354.19	1,305.63	7,439.34	65,051.45	
Canceled	A-20	381,670.04	125,373.00	248,858.04		7,438.00		1.00
Open Space Tax Levy	A-1/A-5	89,933.28		89,933.28				
Open Space Added and Omitted Levy	A-1/A-5	65,180.00					65,180.00	
		76.60					76.60	
		536,859.92	125,373.00	338,791.32		7,438.00	65,256.60	1.00
Balance, December 31, 2011:								
Interfund Receivable	A	\$ 1,308.97	\$ 2.00		\$ 1,305.63	\$ 1.34		
Interfund Payable	A	\$ (52,643.28)		\$ (52,437.13)			\$ (205.15)	\$ (1.00)
Analysis of Net Charge to Operations								
Interfunds Accounts Receivable:								
Balance December 31, 2011	Above	\$ 1,308.97						
Balance December 31, 2010	Above	419,048.53						
		(417,739.56)						
Interfund Returned - Federal and State Grant Fund	A-22	(72,481.03)						
Less Anticipated as Revenue:								
General Capital Fund	A-2/A-7	125,000.00						
Trust Other Fund	A-2/A-7	248,858.04						
Add:								
Trust Interfund Canceled	A-20	89,933.28						
Net Credit to Operations	A-1	\$ (26,429.27)						

BOROUGH OF POINT BOROUGH
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE FEES

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 825.00
Increased by:		
Receipts	A-4	<u>2,975.00</u>
		3,800.00
Decreased by:		
Disbursements	A-4	<u>3,150.00</u>
Balance, December 31, 2011	A	<u>\$ 650.00</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUND RECEIVABLE - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 280,361.47
Increased by:		
Disbursed by Current Fund:		
Appropriated Reserves	A-4/A-24	\$ 398,627.58
2011 Anticipated Revenue	A-2/A-23	<u>309,264.17</u>
		<u>707,891.75</u>
		988,253.22
Decreased by:		
Deposited in Current Fund:		
Grants Receivable	A-4/A-23	396,995.55
Unappropriated Reserves	A-4/A-25	70,404.56
2011 Budget Appropriations:		
Grants Appropriated	A-3/A-24	<u>312,972.67</u>
		<u>780,372.78</u>
Balance, December 31, 2011	A	<u>\$ 207,880.44</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE

<u>Grant</u>	Balance Dec. 31, 2010	2011		Balance Dec. 31, 2011
		Anticipated Revenue	Cash Received	
Municipal Alliance on Alcoholism and Drug Abuse	\$ 12,834.00	\$ 14,834.00	\$ 13,347.46	\$ 14,320.54
Clean Communities Program		32,311.79	32,311.79	
N.J. Transportation Trust Fund Authority Act:				
West End Drive - 2007 Municipal Aid	175,000.00		175,000.00	782.08
West End Drive - 2008 Municipal Aid	150,000.00		149,217.92	485,000.00
Riverwood Avenue	250,000.00	235,000.00		6,000.00
Smart Future Growth Grant	6,000.00			613.42
Pedestrian Safety Education and Enforcement	613.42	8,151.66	8,151.66	
Drunk Driving Enforcement Fund		18,966.72	18,966.72	
Clean Energy Program				
	<u>\$ 594,447.42</u>	<u>\$ 309,264.17</u>	<u>\$ 396,995.55</u>	<u>\$ 506,716.04</u>
Ref.	A	A-2/A-22	A-22	A

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance Dec. 31, 2010	Transfer from 2011 Budget Appropriation	Transfer from Reserve for Encumbrances	Expended	Reserve for Encumbrances	Balance Dec. 31, 2011
Clean Communities Program	\$ 25,189.78	\$ 32,311.79	\$ 3,534.34	\$ 17,674.87	\$ 3,082.74	\$ 40,278.30
Alcohol Education and Rehabilitation Fund	2,921.52					2,921.52
Pedestrian Safety Education and Enforcement	9,526.22		314.58	8,614.00		1,226.80
Body Armor Replacement Grant	17,418.15	14,834.00		12,113.65	6,237.00	11,181.15
Municipal Alliance on Alcoholism and Drug Abuse		3,708.50		569.69	1,275.77	1,444.58
Municipal Alliance Local Match						3,138.81
N.J. Transportation Trust Fund Authority Act						
Riverwood Avenue	250,000.00	235,000.00		349,838.90	89,001.66	46,159.44
Drunk Driving Enforcement Fund	3,312.74	8,151.66		9,816.47		1,647.93
Clean Energy Program		18,966.72				18,966.72
	<u>\$ 308,368.41</u>	<u>\$ 312,972.67</u>	<u>\$ 3,848.92</u>	<u>\$ 398,627.58</u>	<u>\$ 99,597.17</u>	<u>\$ 126,965.25</u>

Ref. A A-3/A-22 A-26 A-22 A-26 A

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Alcohol Education and Rehabilitation Fund	\$ 2,481.00	\$ 2,481.00
Recycling Tonnage Grant	56,547.34	56,547.34
Pedestrian Safety Grant	8,320.00	8,320.00
Body Armor Grant	<u>3,056.22</u>	<u>3,056.22</u>
	<u>\$ 70,404.56</u>	<u>\$ 70,404.56</u>
<u>Ref</u>	A-22	A

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 3,848.92
Increased by:		
Charged to Appropriated Reserves	A-24	<u>99,597.17</u>
		103,446.09
Decreased by:		
Transfer to Appropriated Reserves	A-24	<u>3,848.92</u>
Balance, December 31, 2011	A	<u>\$ 99,597.17</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

TRUST FUND
 SCHEDULE OF CASH

	Ref.	Animal Control Trust Fund	Trust Other Fund	Open Space Trust Fund
Balance, December 31, 2010	B	\$ 594.49	\$ 1,052,748.86	\$ 196,880.09
Increased by Receipts:				
Reserve for Animal Control				
Trust Fund Expenditures	B-2	\$ 11,815.24		
Due to State of New Jersey	B-3	2,212.20		
Interfund - Current Fund	B-4/B-6/B-7	\$ 32.35	\$ 120.00	\$ 65,180.00
Reserve for Open Space	B-10		2,710,384.90	476.32
Various Reserves	B-9	14,059.79	2,710,504.90	
		<u>14,654.28</u>	<u>3,763,253.76</u>	<u>65,656.32</u>
				<u>262,536.41</u>
Decreased by Disbursements:				
Due to State of New Jersey	B-3	2,213.40		
Animal Control Trust Fund				
Expenditures (R.S. 4:19-15.11)	B-2	11,775.51	2,476,214.30	
Various Reserves	B-9		338,791.32	
Interfund - Current Fund	B-4/B-7	33.35	6,322.14	
Interfund - Water/Sewer Utility	B-5			54,872.52
Reserve for Open Space	B-10	14,022.26	2,821,327.76	54,872.52
		<u>14,022.26</u>	<u>2,821,327.76</u>	<u>54,872.52</u>
Balance, December 31, 2011	B	\$ <u>632.02</u>	\$ <u>941,926.00</u>	\$ <u>207,663.89</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$ 618.29
Increased by:		
Dog License Fees Collected		\$ 10,472.00
Miscellaneous Dog Fees Collected		<u>1,343.24</u>
	B-1	<u>11,815.24</u>
		12,433.53
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-1	<u>11,775.51</u>
Balance, December 31, 2011	B	<u>\$ 658.02</u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2009	\$ 20,412.00
2010	<u>13,056.60</u>
	<u>\$ 33,468.60</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance, December 31, 2010	B	\$	1.20
Increased by:			
Receipts	B-1		2,212.20
			<u>2,213.40</u>
Decreased by:			
Disbursed	B-1	\$	<u>2,213.40</u>

Exhibit B-4

SCHEDULE OF INTERFUND RECEIVABLE- CURRENT FUND

	<u>Ref.</u>		
Increased by:			
Cash Disbursed	B-1	\$	33.35
Decreased by:			
Receipts	B-1		<u>32.35</u>
Balance, December 31, 2011	B	\$	<u>1.00</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

TRUST OTHER FUND
 SCHEDULE OF INTERFUND PAYABLE - WATER /SEWER UTILITY OPERATING FUND

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$ 6,322.14
Decreased by:		
Cash Disbursed	B-1	\$ <u>6,322.14</u>

Exhibit B-6

OPEN SPACE TRUST FUND
 SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$ 128.55
Increased by:		
Open Space Tax Levy	B-10	\$ 65,180.00
Open Space Added and Omitted Levy	B-10	<u>76.60</u>
		<u>65,256.60</u>
		65,385.15
Decreased by:		
Cash Receipts	B-1	<u>65,180.00</u>
Balance, December 31, 2011	B	\$ <u>205.15</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

TRUST OTHER FUND
 SCHEDULE OF INTERFUND PAYABLE/(RECEIVABLE) - CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$ 286,234.19
Increased by:		
Cash Receipts	B-1	120.00
		<u>286,354.19</u>
Decreased by:		
Disbursed	B-1	338,791.32
		<u>338,791.32</u>
Balance, December 31, 2011	B	\$ <u><u>(52,437.13)</u></u>

SCHEDULE OF DUE TO BOARD OF EDUCATION

	<u>Ref.</u>	
Balance, December 31, 2010 and 2011	B	\$ <u><u>2,321.01</u></u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

	Balance <u>Dec. 31, 2010</u>	Increase	Decrease	Balance <u>Dec. 31, 2011</u>
Reserve for:				
Police Off Duty	\$ 8,501.95	\$ 140,061.75	\$ 111,576.33	\$ 36,987.37
Recycling	8,656.42	49,693.63	55,532.34	2,817.71
Special Law Enforcement Trust	6,308.12	3,522.94	4,078.44	5,752.62
Public Defender	3,515.71	7,602.50	2,876.21	8,242.00
Planning Board Escrow	50,652.03	41,813.12	36,772.48	55,692.67
Zoning Board Escrow	12,032.43	41,531.06	35,834.94	17,728.55
P.O.A.A.	194.00	62.00		256.00
Demolition Performance Bonds	21,000.00	8,000.00	13,000.00	16,000.00
Forfeited Funds	3,167.77			3,167.77
Safety Incentive Award	457.00		0.24	456.76
Affordable Housing	68,749.27	182.74	8,939.15	59,992.86
Environmental Reserve	4,573.59	4,174.00	4,043.03	4,704.56
Developer's Escrow	197,607.64	183,973.29	76,243.11	305,337.82
Tax Sale Premiums	181,100.00	166,400.00	75,400.00	272,100.00
Third Party Lien Redemptions	76,069.30	1,679,028.41	1,699,885.74	55,211.97
Recreation	110,117.71	373,079.38	344,589.71	138,607.38
Municipal Drug Alliance Donations	1,086.82	1,087.00	1,122.57	1,051.25
Police Explorers	671.18	1,351.92	979.84	1,043.26
DARE	3,410.58	2,408.05	1,705.36	4,113.27
Police Summer Camp	_____	6,413.11	3,634.81	_____
	<u>\$ 757,871.52</u>	<u>\$ 2,710,384.90</u>	<u>\$ 2,476,214.30</u>	<u>\$ 992,042.12</u>
<u>Ref.</u>	B	B-1	B-1	B

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

OPEN SPACE TRUST FUND
 SCHEDULE OF RESERVE FOR OPEN SPACE

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$ 197,008.64
Increased by:		
Open Space Tax Levy	B-6	\$ 65,180.00
Open Space Added and Omitted Levy	B-6	76.60
Interest Income	B-1	<u>476.32</u>
		<u>65,732.92</u>
		262,741.56
Decreased by:		
Disbursements	B-1	<u>54,872.52</u>
Balance, December 31, 2011	B	<u>\$ 207,869.04</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP")
SCHEDULE OF FUNDS HELD BY TRUSTEE

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$ 592,115.69
Increased by:			
Borough Contributions	B-12	\$ 100,056.00	
Interest Earnings	B-12	<u>2,294.63</u>	
			<u>102,350.63</u>
			694,466.32
Decreased by:			
Withdrawals	B-12	51,799.18	
Loss on Investments	B-12	<u>20,083.59</u>	
			<u>71,882.77</u>
Balance, December 31, 2011	B		<u>\$ 622,583.55</u>

LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP")
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$ 592,115.69
Increased by:			
Borough Contributions	B-11	\$ 100,056.00	
Interest Earnings	B-11	<u>2,294.63</u>	
			<u>102,350.63</u>
			694,466.32
Decreased by:			
Withdrawals	B-11	51,799.18	
Loss on Investments	B-11	<u>20,083.59</u>	
			<u>71,882.77</u>
Balance, December 31, 2011	B		<u>\$ 622,583.55</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2010	C		\$ 4,433,133.62
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-14	\$ 66,600.00	
Interfund - Water/Sewer Capital Fund	C	<u>450.00</u>	
			<u>67,050.00</u>
			4,500,183.62
Decreased by Disbursements:			
Capital Fund Balance	C-1	375,000.00	
Reserve for Payment of Debt	C-13	517,612.00	
Interfund - Current Fund	C-9	125,373.00	
Improvement Authorizations	C-11	<u>1,362,526.51</u>	
			<u>2,380,511.51</u>
Balance, December 31, 2011	C		\$ <u><u>2,119,672.11</u></u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH

	Balance <u>Dec. 31, 2011</u>
Fund Balance	\$ 14,339.61
Capital Improvement Fund	169,002.00
Various Reserves	35,000.00
Reserve for Encumbrances	82,852.46
Reserve for Payment of Debt	99,247.04
Interfund - Payroll Fund	(15,935.00)
Interfund - Current Fund	2.00
Reserve for Grants Receivable	462,495.96
Grants Receivable	(462,495.96)

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
98-08	Improvements to Borough Property	10,000.00
99-16/01-25	Various General Improvements	48,398.00
99-29	Various General Improvements	15.27
00-07	Various General Improvements	15,763.00
00-25	Various General Improvements	4,818.00
01-12	Various General Improvements	99,626.23
02-18	Various Capital Improvements	67,843.72
03-17/05-23	General Improvements	130,503.55
03-23	Improvements to Borough Hall	23,683.00
05-21	Various Capital Improvements	54,061.50
06-19	Various Capital Improvements	14,115.00
07-11	Various Capital Improvements	453,804.20
07-18	Construction & Improvement of Riverfront Park	219,998.00
08-10/09-03/10-05	Various Capital Improvements	344,341.31
09-18	Various Capital Improvements	76,577.35
09-20	Various Capital Improvements	(172,775.00)
10-07	Various Capital Improvements	289,051.87
10-18	Surveillance Equipment at Parks	2,147.00
11-20	Various Capital Improvements	53,192.00
		<u>\$ 2,119,672.11</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 21,897,631.30
Decreased by:		
Budget Appropriation to Pay Bonds	C-8	\$ 2,060,000.00
Budget Appropriation to Pay Green Acres Loan	C-10	<u>25,627.31</u>
		<u>2,085,627.31</u>
Balance, December 31, 2011	C	\$ <u>19,812,003.99</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION -UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance		2011 Authorizations	Balance Dec. 31, 2011	Analysis of Balance December 31, 2011	
		Dec. 31, 2010	Dec. 31, 2010			Expenditures	Unexpended Improvement Authorizations
09-18	Various Capital Improvements	\$ 10,414.00	\$ 10,414.00		\$ 10,414.00		
09-20	Various Capital Improvements	215,650.00	215,650.00		42,875.00		
10-07	Various Capital Improvements	10,414.00	10,414.00		10,414.00		
10-18	Surveillance Equipment at Parks	57,000.00	57,000.00		57,000.00		
11-20	Various Capital Improvements		1,054,000.00	\$ 1,054,000.00	1,054,000.00		
		<u>\$ 293,478.00</u>	<u>\$ 1,347,478.00</u>	<u>\$ 1,054,000.00</u>	<u>\$ 1,347,478.00</u>	<u>\$ 172,775.00</u>	<u>\$ 1,174,703.00</u>
Ref.	C		C	C-11	C	C-3	C-11

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 462,495.96
Decreased by:		
Canceled	C-7	\$ <u>462,495.96</u>

Exhibit C-7

SCHEDULE OF GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 462,495.96
Decreased by:		
Canceled	C-7	\$ <u>462,495.96</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance Dec. 31, 2010	Paid by Budget Appropriation	Balance Dec. 31, 2011
General Improvements	09/15/98	\$ 5,900,000.00	\$ 470,000.00	4.400%			
			470,000.00	4.400%			
			470,000.00	4.500%	\$ 1,880,000.00	\$ 470,000.00	\$ 1,410,000.00
General Improvements	12/15/03	9,270,000.00	850,000.00	3.400%			
			1,020,000.00	3.500%			
			1,020,000.00	3.625%			
			1,020,000.00	3.750%	4,760,000.00	850,000.00	3,910,000.00
General Improvements	07/09/10	14,890,000.00	765,000.00	2.000%			
			790,000.00	2.000%			
			820,000.00	2.000%			
			850,000.00	2.000%			
			900,000.00	3.000%			
			960,000.00	3.000%			
			1,025,000.00	3.250%			
			1,100,000.00	3.250%			
			1,200,000.00	3.250%			
			1,300,000.00	3.250%			
			1,480,000.00	3.250%			
			1,480,000.00	3.500%			
			1,480,000.00	4.000%	14,890,000.00	740,000.00	14,150,000.00
					\$ 2,060,000.00	\$ 19,470,000.00	

Ref.

C

C-4

C

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND - CURRENT FUND

	<u>Ref.</u>	
Balance December 31, 2010	C	\$ 125,375.00
Decreased by:		
Cash Disbursed	C-2	<u>125,373.00</u>
Balance December 31, 2011	C	<u>\$ 2.00</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 367,631.30
Decreased by:		
Paid by Budget Appropriation	C-4	<u>25,627.31</u>
Balance, December 31, 2011	C	<u>\$ 342,003.99</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Balance Dec. 31, 2010		2011		Increased by		Decreased by		Balance Dec. 31, 2011	
				Funded	Unfunded	Authorizations	Reserve for Encumbrances	Reserve for Encumbrances	Paid	Funded	Unfunded		
98-08	Improvements to Borough Property	03/17/98	\$ 10,000.00	\$ 10,000.00								\$ 10,000.00	
99-16/01-23	Various General Improvements	07/06/99	1,100,539.00	51,173.00								48,398.00	
99-29	Various General Improvements	11/23/99	90,000.00	15.27								15.27	
00-07	Various General Improvements	07/11/00	1,767,586.00	15,763.00								15,763.00	
00-25	Various General Improvements	12/19/00	85,000.00	4,818.00								4,818.00	
01-12	Various General Improvements	07/10/01	1,599,824.00	102,301.45								99,626.23	
02-18	Various Capital Improvements	09/17/02	1,637,194.00	72,313.51								67,843.72	
03-17/05-23	General Improvements	08/08/03	1,369,281.00	133,148.80								130,503.55	
03-23	Improvements to Borough Hall	09/02/03	245,000.00	23,683.00								23,683.00	
04-15	Various Capital Improvements	08/03/04	2,033,947.00										
05-21	Various Capital Improvements	09/06/03	605,634.00	58,017.00								54,061.50	
06-19	Various Capital Improvements	09/19/06	704,110.00	14,115.00								14,115.00	
07-11	Various Capital Improvements	08/21/07	6,163,406.00	462,933.18								453,804.20	
07-18	Construction & Improvement of Riverfront Park	12/18/07	1,168,305.00	221,613.00								219,998.00	
08-10/09-03/10-05	Various Capital Improvements	08/19/08	2,314,210.00	327,730.93								344,341.31	
09-18	Various Capital Improvements	10/20/09	680,534.00	76,869.81	\$ 10,414.00							76,577.35	\$ 10,414.00
09-20	Various Capital Improvements	10/20/09	227,000.00	42,875.00								42,875.00	
10-07	Various Capital Improvements	04/06/10	684,134.00	492,932.80	10,414.00							289,051.87	10,414.00
10-18	Surveillance Equipment at Parks	10/05/10	60,000.00	2,147.00	57,000.00							2,147.00	57,000.00
11-20	Various Capital Improvements	12/20/11	1,054,000.00				\$ 1,107,192.00					53,192.00	1,054,000.00
				<u>\$ 2,069,574.75</u>	<u>\$ 120,703.00</u>		<u>\$ 1,107,192.00</u>	<u>\$ 1,230,551.22</u>	<u>\$ 1,362,526.51</u>	<u>\$ 82,852.46</u>		<u>\$ 1,907,939.00</u>	<u>\$ 1,174,703.00</u>

Ref.

C C C C-2 C-12 C C/C-5

Detail:

Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund

\$ 1,054,000.00

53,192.00

\$ 1,107,192.00

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 1,230,551.22
Increased by:		
Charged to Improvement Authorizations	C-11	<u>82,852.46</u>
		1,313,403.68
Decreased by:		
Applied to Improvement Authorizations	C-11	<u>1,230,551.22</u>
Balance, December 31, 2011	C	<u>\$ 82,852.46</u>

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 616,859.04
Anticipated as Current Fund Budget Revenue	C-2	<u>517,612.00</u>
Balance, December 31, 2011	C	<u>\$ 99,247.04</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$ 155,594.00
Increased by:		
Budget Appropriation	C-2	<u>66,600.00</u>
		222,194.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-11	<u>53,192.00</u>
Balance, December 31, 2011	C	<u>\$ 169,002.00</u>

SCHEDULE OF VARIOUS RESERVES

	<u>Ref.</u>	
Balance, December 31, 2010 and 2011	C	<u>\$ 35,000.00</u>
Detail:		
Reserve for Bay Point Harbor		\$ 10,000.00
Reserve for Police Department		<u>25,000.00</u>
		<u>\$ 35,000.00</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED
 BUT NOT ISSUED

Ordinance Number	<u>Improvement Description</u>	Balance <u>Dec. 31, 2010</u>	2011 <u>Authorizations</u>	Balance <u>Dec. 31, 2011</u>
09-18	Various Capital Improvements	\$ 10,414.00		\$ 10,414.00
09-20	Various Capital Improvements	215,650.00		215,650.00
10-07	Various Capital Improvements	10,414.00		10,414.00
10-18	Surveillance Equipment at Parks	57,000.00		57,000.00
11-20	Various Capital Improvements	<u> </u>	\$ <u>1,054,000.00</u>	<u>1,054,000.00</u>
		<u>\$ 293,478.00</u>	<u>\$ 1,054,000.00</u>	<u>\$ 1,347,478.00</u>
	<u>Ref.</u>		C-11	(Footnote C)

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY FUND
 SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2010	D	\$ 1,228,228.99	\$ 2,010,814.39
Increased by Receipts:			
Consumer Accounts Receivable	D-7	\$ 6,322,592.58	
Miscellaneous Revenue	D-3	57,422.86	
Interest on Delinquent Accounts	D-3	51,545.09	
Customer Overpayments	D-12	10,227.96	
Interfunds	D-22	8,537.60	
Capital Fund Balance	D-3	27,000.00	
Reserve for Repayment of Debt	D-3	7,800.00	
		<u>6,485,126.09</u>	
		7,713,355.08	<u>2,010,814.39</u>
Decreased by Disbursements:			
2011 Appropriations	D-4	5,751,983.52	
Appropriation Reserves	D-10	198,266.06	
Accrued Interest Bonds and Notes	D-13	240,440.00	
Interfunds	D-22	7,438.00	
Emergency Note Payable	D-9	513,625.00	
Customer Overpayments	D-12	529.16	
Expenditure Without Appropriation	D-8	3,620.00	
Fund Balance	D-2		\$ 34,800.00
Interfund - General Capital Fund	D		450.00
Improvement Authorizations	D-18	6,715,901.74	1,405,465.67
		<u>6,715,901.74</u>	
		\$ 34,800.00	450.00
		1,370,215.67	<u>1,405,465.67</u>
Balance, December 31, 2011	D	\$ 997,453.34	\$ 605,348.72

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
ANALYSIS OF WATER/SEWER UTILITY CAPITAL CASH

	Balance <u>Dec. 31, 2011</u>
Reserve for Encumbrances	\$ 622,194.90
Interfund - Water/Sewer Operating Fund	(662,896.14)
Deferred Charge	(8,310.40)
Capital Improvement Fund	259,680.98
Down Payment on Improvements	600.00
Fund Balance	425.55

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
01-13	Various Improvements	6,938.00
02-19	Various Improvements	54,608.00
03-16	Various Improvements	258,840.80
04-16	Various Improvements	16,512.52
05-22	Various Improvements	11,566.50
06-08	Interconnect	16,095.00
06-20	Various Improvements	95,782.00
06-26	Improvements to Water Facilities	6,543.00
07-12	Various Improvements	330,933.94
08-11	Various Improvements	1,359.30
09-19	Various Improvements	91,656.00
10-08	Various Water and Sewer Improvements	249,013.77
10-15	Various Water and Sewer Improvements	(769,595.00)
11-21	Purchase of Various Equipment and Improvements to the Water/Sewer Utility	23,400.00
		\$ 605,348.72

Ref. D

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 810,565.25
Increased by:		
Water/Sewer Rents Levied		<u>6,762,813.61</u>
		7,573,378.86
Decreased by:		
Collections	D-5	\$ 6,322,592.58
Customer Overpayments Applied	D-12	<u>12,447.66</u>
	D-1/D-3	<u>6,335,040.24</u>
Balance, December 31, 2011	D	\$ <u><u>1,238,338.62</u></u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF DEFERRED CHARGES

	Balance Dec. 31, 2010	Increases	Decreases	Balance Dec. 31, 2011
Emergency Authorizations	\$ 513,625.00	\$ 100,000.00	\$ 513,625.00	\$ 100,000.00
Overexpenditure of Appropriation	96,476.06	12,866.12	17,295.00	92,047.18
Expenditure Without Appropriation	<u>3,620.00</u>	<u>3,620.00</u>	<u>3,620.00</u>	<u>3,620.00</u>
	<u>\$ 610,101.06</u>	<u>\$ 116,486.12</u>	<u>\$ 530,920.00</u>	<u>\$ 195,667.18</u>
<u>Ref.</u>	D	D-4/D-5	D-4	D

BOROUGH OF POINT PLEASANT
COUNTY OF MONMOUTH, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 513,625.00
Decreased by:		
Cash Disbursed	D-5	\$ <u>513,625.00</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Transfer from Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:					
Salaries and Wages	\$ 1,037.00		\$ 1,037.00		\$ 1,037.00
Other Expenses		\$ 198,266.06	\$ 198,266.06	\$ 198,266.06	
Ocean County Utilities Authority	1.00		1.00		1.00
Statutory Expenditures:					
Social Security	<u>2,342.00</u>		<u>2,342.00</u>		<u>2,342.00</u>
	<u>\$ 3,380.00</u>	<u>\$ 198,266.06</u>	<u>\$ 201,646.06</u>	<u>\$ 198,266.06</u>	<u>\$ 3,380.00</u>

Ref. D D-11 D-5 D-1

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 198,266.06
Increased by:		
Transferred from Budget Appropriations	D-4	<u>28,197.96</u>
		226,464.02
Decreased by:		
Transferred to Appropriation Reserves	D-10	<u>198,266.06</u>
Balance, December 31, 2011	D	\$ <u>28,197.96</u>

SCHEDULE OF CUSTOMER OVERPAYMENTS

	<u>Ref.</u>		
Balance, December 31, 2010	D		\$ 12,447.66
Increased by:			
Cash Received	D-5		<u>10,227.96</u>
			22,675.62
Decreased by:			
Cash Disbursed	D-5	\$ 529.16	
Applied to Consumer Accounts Receivable	D-7	<u>12,447.66</u>	
			<u>12,976.82</u>
Balance, December 31, 2011	D		\$ <u>9,698.80</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 89,446.04
Increased by:		
Budget Appropriations	D-4	<u>235,952.51</u> 325,398.55
Decreased by:		
Interest Paid	D-5	<u>240,440.00</u>
Balance, December 31, 2011	D	<u>\$ 84,958.55</u>

Analysis of Accrued Interest December 31, 2011

Principal Outstanding <u>Dec. 31, 2011</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds:					
\$ 680,000.00	Various	09/01/11	12/31/11	120 Days	\$ 10,086.67
875,000.00	Various	12/15/11	12/31/11	15 Days	1,280.73
4,790,000.00	Various	07/15/11	12/31/11	165 Days	<u>73,591.15</u>
					<u>\$ 84,958.55</u>

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 28,916,180.00
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted	D-15	<u>1,281,004.00</u>
Balance, December 31, 2011	D	<u>\$ 30,197,184.00</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Transfer To Fixed Capital</u>	<u>Balance Dec. 31, 2011</u>
01-13	Various Improvements	\$ 1,309,784.00		\$ 1,281,004.00	\$ 28,780.00
03-16	Various Improvements	621,361.00			621,361.00
04-16	Various Improvements	278,875.00			278,875.00
05-22	Various Improvements	1,679,975.00			1,679,975.00
06-08	Water Supply Interconnect	85,000.00			85,000.00
06-20	Various Improvements	978,600.00			978,600.00
06-26	Improvements to Water Facilities	200,000.00			200,000.00
07-12	Various Improvements	466,900.00			466,900.00
08-11	Various Improvements	213,045.00			213,045.00
09-19	Various Improvements	101,700.00			101,700.00
10-08	Various Water and Sewer Improvements	283,700.00			283,700.00
10-15	Various Water and Sewer Improvements	810,100.00			810,100.00
11-21	Purchase of Various Equipment and Improvements to the Water/Sewer Utility		\$ 473,400.00		473,400.00
		<u>\$ 7,029,040.00</u>	<u>\$ 473,400.00</u>	<u>\$ 1,281,004.00</u>	<u>\$ 6,221,436.00</u>

D

D-18

D-14

D

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 264,841.71
Increased by:		
Charged to Improvement Authorizations	D-18	<u>622,194.90</u>
		887,036.61
Decreased by:		
Transfer to Improvement Authorizations	D-18	<u>264,841.71</u>
Balance, December 31, 2011	D	<u><u>\$ 622,194.90</u></u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2010		2011 Authorizations	Increased by:		Decreased by:		Balance Dec. 31, 2011	
				Funded	Unfunded		Reserve for Encumbrances	Reserve for Encumbrances	Reserve for Encumbrances	Funded	Unfunded	
01-13	Various Improvements	09/04/01	\$ 575,600.00	\$ 23,838.00		\$	\$ 16,900.00		\$		6,938.00	
02-19	Various Improvements	09/17/02	239,700.00	54,608.00							54,608.00	
03-16	Various Improvements	08/05/03	621,361.00	258,840.80		\$ 11,565.20		\$ 11,565.20			258,840.80	
04-16	Various Improvements	08/03/04	278,875.00	16,512.52		25,175.48	9,700.00	15,475.48			16,512.52	
05-22	Various Improvements	09/06/05	1,679,975.00	871,491.00	17,845.00		825,723.44	34,201.06			11,566.50	17,845.00
06-08	Interconnect	05/16/06	85,000.00	16,095.00							16,095.00	
06-20	Various Improvements	09/05/06	978,600.00	108,750.00			12,268.00	700.00			95,782.00	
06-26	Improvements to Water Facilities	12/19/06	200,000.00	10,980.00			4,437.00				6,543.00	
07-12	Various Improvements	08/07/07	466,900.00	334,393.00			3,459.06				330,933.94	
07-13	Construction of Well #10	08/29/07	360,000.00				102,541.30	111,825.10				
08-11	Various Improvements	08/19/08	213,045.00	1,697.57		214,366.40	13,413.43				1,359.30	
09-19	Various Improvements	10/20/09	101,700.00	91,656.00							91,656.00	
10-08	Various Water and Sewer Improvements	05/04/10	283,700.00	268,455.80			19,763.23				249,013.77	
10-15	Various Water and Sewer Improvements	09/07/10	810,100.00	40,505.00	769,595.00		361,671.94	448,428.06				
11-21	Purchase of Various Equipment and Improvements to the Water/Sewer Utility	12/20/11	473,400.00			\$ 473,400.00					23,400.00	450,000.00
				\$ 2,097,822.69	\$ 787,440.00	\$ 473,400.00	\$ 1,370,215.67	\$ 622,194.90	\$ 1,163,248.83	\$ 467,845.00		

Detail:
 Capital Improvement Fund
 Deferred Charge to Future Revenue

Ref.	D	D	D	D-5	D-17	D-17	D	D
D-19/D-21								
D-23								
D-15								
	\$ 23,400.00							
	450,000.00							
	\$ 473,400.00							

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 283,080.98
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-18	<u>23,400.00</u>
Balance, December 31, 2011	D	\$ <u>259,680.98</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2010	D	\$ 28,158,495.00
Increased by:		
Serial Bonds Paid by Operating Budget	D-16	<u>422,090.27</u>
Balance, December 31, 2011	D	\$ <u>28,580,585.27</u>

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, 2010	Increased by		Balance Dec. 31, 2011
			Fixed Capital Authorized	Bonds Paid from Operating Budget	
01-13	Various Improvements	\$ 28,780.00			\$ 28,780.00
04-16	Various Improvements			\$ 10,639.81	10,639.81
05-22	Various Improvements			63,414.60	63,414.60
06-08	Water Supply Interconnect			3,242.97	3,242.97
06-20	Various Improvements			37,336.14	37,336.14
06-26	Improvements to Water Facilities			7,630.52	7,630.52
07-12	Various Improvements			17,813.45	17,813.45
08-11	Various Improvements			8,128.22	8,128.22
09-19	Various Improvements			3,880.12	3,880.12
10-08	Various Water and Sewer Improvements			10,823.90	10,823.90
10-15	Various Water and Sewer Improvements	40,505.00			40,505.00
11-21	Purchase of Various Equipment and Improvements to the Water/Sewer Utility		\$ 23,400.00		23,400.00
		<u>\$ 69,285.00</u>	<u>\$ 23,400.00</u>	<u>\$ 162,909.73</u>	<u>\$ 255,594.73</u>
		D	D-18	D-16	D

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF INTERFUNDS

Ref.	Total (MEMO ONLY)	Current Fund	Payroll Fund	Water/Sewer Utility Capital Fund	Trust Other Fund
D	\$ 6,322.14				\$ 6,322.14
D	\$ (671,431.20)	\$ (7,439.34)	\$ (1,095.72)	\$ (662,896.14)	
D-5	7,438.00	7,438.00			
	(657,671.06)	(1.34)	(1,095.72)	(662,896.14)	6,322.14
D-5	8,537.60		2,215.46		6,322.14
	8,537.60		2,215.46		\$ 6,322.14
D	\$ (666,208.66)	\$ (1.34)	\$ (3,311.18)	\$ (662,896.14)	

Balance, December 31, 2010:

Interfund Receivable

Interfund Payable

Increased by:

Cash Disbursements

Decreased by:

Cash Receipts

Balance, December 31, 2011:

Interfund Payable

BOROUGH OF POINT PLEASANT
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED
 BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Authorizations</u>	<u>Balance Dec. 31, 2011</u>
05-22	Various Improvements	\$ 17,845.00		\$ 17,845.00
10-15	Various Water/Sewer Improvements	769,595.00		769,595.00
11-21	Purchase of Various Equipment and Improvements to the Water/Sewer Utility		\$ 450,000.00	450,000.00
		<u>\$ 787,440.00</u>	<u>\$ 450,000.00</u>	<u>\$ 1,237,440.00</u>

Ref.

D-18

(Footnote D)

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	Balance Dec. 31, 2010 and <u>Dec. 31, 2011</u>
General Fixed Assets:	
Land	\$ 4,348,111.00
Buildings and Improvements	4,427,014.00
Equipment and Machinery	2,832,652.00
Vehicles	<u>1,493,607.00</u>
	<u>\$ 13,101,384.00</u>
<u>Ref.</u>	F

BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2011

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate (Per \$100 Assessed Valuation)	<u>2011</u> <u>\$1.705</u>	<u>*2010</u> <u>\$1.644</u>	<u>2009</u> <u>\$3.741</u>
<u>Apportionment of Tax Rate</u>			
Municipality	.382	.364	.853
County	.381	.369	.841
Local District School	.940	.909	2.042
Municipal Open Space	.002	.002	.005
<u>Assessed Valuation</u>			
2011	\$3,259,252,110.00		
2010*		\$3,279,020,068.00	
2009			\$1,399,530.729.00

*Revaluation

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011	\$ 55,635,545.08	\$ 53,822,115.34	96.74%
2010	54,046,251.12	51,467,882.22	95.22%
2009	52,352,741.00	50,799,422.00	97.03%

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 December 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	\$ 14,685.59	\$ 1,551,546.57	\$ 1,566,232.16	2.82%
2010	10,268.77	2,360,162.60	2,370,431.37	4.39%
2009	4,345.94	1,765,447.23	1,769,793.17	3.38%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$ -
2010	-
2009	-

COMPARISON OF WATER-SEWER UTILITY RENTS LEVIED

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collections</u>
2011	\$6,762,813.61	\$810,565.25	\$6,335,040.24
2010	4,886,932.96	658,021.38	4,734,389.09
2009	4,674,922.00	725,251.00	4,742,152.00

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	\$1,251,472.29	\$1,221,000.00
2010	326,101.62	-
2009	1,740,911.00	1,414,809.00
2008	1,376,476.00	971,228.00
2007	1,480,292.00	1,400,000.00

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Water-Sewer Utility Fund</u>		
2011	\$363,187.28	\$167,520.10
2010	356,356.23	345,000.00
2009	77,893.00	77,492.00
2008	673,693.00	595,800.00
2007	729,981.00	600,000.00

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 19,812,003.99	\$ 21,897,631.30	\$ 13,729,902.00
Water-Sewer Utility:			
Bonds and Notes	<u>6,345,000.00</u>	<u>6,930,000.00</u>	<u>5,817,450.00</u>
Net Debt	<u>26,157,003.99</u>	<u>28,827,631.30</u>	<u>19,547,352.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,347,478.00	293,478.00	8,748,416.00
Water-Sewer Utility:			
Bonds and Notes	<u>1,237,440.00</u>	<u>787,440.00</u>	<u>1,211,695.00</u>
	<u>2,584,918.00</u>	<u>1,080,918.00</u>	<u>9,960,111.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>28,741,921.99</u>	\$ <u>29,908,549.30</u>	\$ <u>29,507,463.00</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarization 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 .58%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local District School	\$ 10,150,000.00	\$ 10,150,000.00	\$ None
General Debt	21,159,481.99	99,247.04	21,060,234.95
Water-Sewer Utility Debt	<u>7,582,440.00</u>	<u>7,582,440.00</u>	<u>-</u>
	\$ <u>38,891,921.99</u>	\$ <u>17,831,687.04</u>	\$ <u>21,060,234.95</u>

Net Debt \$21,060,234.95 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,620,069,884.00 equals .58%.

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

3-1/2% Equalized Valuation Basis Municipal Net Debt	\$ 126,702,445.94 <u>28,741,921.99</u>
Remaining Borrowing Power	\$ <u>97,960,523.95</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" - WATER-SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year		\$ 6,823,808.19
Deductions:		
Operating and Maintenance Costs	\$ 5,217,201.00	
Debt Service Per Water Account	<u>827,236.14</u>	
Total Deductions		<u>6,044,437.14</u>
Excess Revenue		\$ <u><u>779,371.05</u></u>

The Chief Financial Officer should file an amended annual debt statement.

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
William G. Schroeder	Mayor
John J. Mc Hugh, Jr.	Council President
Antoinette DePaola	Councilperson
Christopher Goss	Councilperson
Christopher Leitner	Councilperson
Mitchell L. Remig	Councilperson
Robert A. Sabosik	Councilperson
David A. Maffei	Administrator
Michelle Swisher	Chief Financial Officer
Bernadine E. Pearce	Tax Collector
James A. Liguori	Municipal Court Judge
Michelle Sargent	Court Administrator

There were Employee's Blanket Performance Bonds in the amount of \$50,000 for Borough employees and court personnel carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF POINT PLEASANT

COUNTY OF OCEAN

PART II

COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

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

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

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

- Lease/Purchase of Six Police Vehicles
- Robo Can Waste Collection Trucks
- Two Rear Load Compactor Trucks
- Recycling Truck
- Automated Trash Carts
- Police and School Traffic Guard Uniforms
- Handicapped Accessibility Upgrade to Borough Hall
- Corrosion Inhibitor
- Solid Waste Collection and Disposal for Five Years
- Recycling Collection Services for Five Years

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

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

Our examination of expenditures did not reveal individual payments in excess of the bid threshold "for the provision or performance of any goods or services" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

GENERAL COMMENTS (continued)

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

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

Collection of Interest on Delinquent Taxes, Water Utility Rents, Sewer Utility Rents and Assessments

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

The Governing Body, on January 2, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, N.J.S.A. 54:4-67 as amended by Public Law 1979, Chapter 435 allows the Governing Body to fix by resolution the rate of interest charged for the non-payment of taxes or assessments, or other Municipal charges, said rate not to exceed 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00; and

WHEREAS, the Mayor and Council has determined that it would be in the best interest of the Borough of Point Pleasant to establish the above rates for the year 2011.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as follows:

1. The rate of interest to be charged for the non-payment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum any amount in excess of \$1,500.00. The same to be calculated from the date of actual payment provided, however, that no interest be charged if payment is made within ten (10) days after the date upon which same became payable.
2. That a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00.
3. Certified copies of this Resolution to Treasurer, Auditor, Tax Collector, Water/Sewer Collector and any other interested parties.

It appears, from an examination of the Tax Collector's records, that interest was collected in accordance with the foregoing resolution and statute.

GENERAL COMMENTS (continued)

Tax Title Liens

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2011	6
2010	5
2009	5

The last tax sale was held on December 20, 2011 and it was not complete as two tax accounts were omitted from the sale.

Verification of Delinquent Taxes and Other Charges

Verification of delinquent charges and current payments was done for the period under audit in accordance with the regulations of the Division of Local Government Services, on December 31, 2011 and consisted of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>	<u>Number Returned</u>
Dates of Payments of Taxes	25	6
Delinquent Taxes	40	12
Dates of Payment of Water-Sewer Utility Charges	25	5
Delinquent Water-Sewer Utility Charges	77	23

Through examination of those notices that were returned, and by alternative procedures for notices unreturned, no irregularities were noted.

OTHER COMMENTS

Cash and Cash Equivalents Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as of December 31, 2011.

The change funds and petty cash funds were counted.

Revenues

Receipts from licenses, fees, fines and costs, etc. for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Material Weaknesses

Financial Administration

Finding 2011-1:

Criteria: General ledgers for all funds with clear audit trails to support the activity are a critical component of the Borough's internal control environment.

Condition: The payroll fund general ledger was not adjusted to reflect the prior year audit balances. After analyzing activity subsequent to December 31, 2011, there was \$111,301.39 that could not be identified to a liability or reserve. The general ledger was out of balance by \$20,651.70.

Cause: Bank reconciliations for the payroll fund were not prepared for the entire year of 2010. The general ledger balances were not reconciled to subsequent liabilities or reserves for potential subsequent liabilities. Bank reconciliations were prepared during 2011 but an analysis and reconciliation of ending payable balance was not performed.

Effect: The condition of the records related to the payroll fund was such that we were not able to form an opinion on the financial statements of the payroll fund.

Recommendation: That the Borough review the payroll fund balances and determine what the unidentified balance of \$111,301.39 is and take appropriated action. The general ledger should be reviewed and reconciled to subsidiary records on a timely basis.

OTHER COMMENTS (continued)

Finding 2011-2

Criteria: The activity of the tax collector and water-sewer collector's office are significant sources of revenue to the Borough. Recording of complete financial activity in the respective general ledgers including billings and collections as well as senior citizen and veteran deductions, and cancellations are critical to monitoring the financial status of the Borough. The ending balances of the tax collector and the water-sewer collector should be reconciled to the general ledger. All activity should be posted to the tax and water-sewer billing and collection system prior to close out of the records for the fiscal year.

Condition: The only activity reported to the finance office from the tax and water-sewer office is cash collections. There are no reconciliation procedures in place to reconcile the ending balances such as receivable or overpayments. Some of the activity that should have been recorded in the billing and collections systems as of December 31, 2010 was not recorded until 2011. There was no audit trail to determine when the revenue should have been recorded. Lien transfers were not recorded in the tax system. Funds are in the tax collector's third party lien bank account in the trust fund that should have been applied to a tax receivable balance in the current fund. Transfers of payments between tax years or tax account are not being reconciled. Transfers should zero out. The collector's records for transfers do not zero out. Refunds were given to taxpayers for overpayments while the collector's records indicated that the overpayments were applied to subsequent year's taxes. There were thirteen billings in the water/sewer operating fund. Cycle 1 for the first quarter of 2011 should have been billed in December 2010 but was not billed until 2011. A surcharge is a separate line item in the Borough's 2011 legally adopted budget and anticipated collections were \$593,621.00. The surcharge was not segregated from water/sewer rents in the financial system. Discrepancies provided by the billing exception report for the water/sewer utility showing discrepancies that were in excess of \$196,000.00 were not posted as cancellations in the water/sewer utility records until 2012.

Cause: The Borough has not implemented procedures for the tax office and water-sewer collector's office to report all financial activity as budgeted to the finance office. Reconciliation procedures between the offices have not been implemented to reconcile month end balances and there is no control in place to determine that all activity is recorded in the proper period.

Effect: The condition of the records was such that we were not able to determine what the ending receivable and payable balances were nor were we able to satisfy ourselves as to the recognition of revenue for the Current Fund and the Water/Sewer Utility Operating Fund for tax and water/sewer revenue items.

Recommendation: That the Borough implement procedures where all activity of the tax collector and water-sewer collector is reported to the finance officer to be recorded in the general ledger. All balances at month end between the offices be reconciled and all activity be reported in the proper accounting period.

OTHER COMMENTS (continued)

Finding 2011-3

Criteria: The proper maintenance of Fixed Assets records is necessary to maintain control over the Fixed Assets of the Borough and is required by Local Government Services Technical Directive 85-2.

Condition: The Borough did not provide a detailed listing of fixed assets or activity that occurred during the year.

Cause: The Borough has not implemented procedures to maintain a fixed asset accounting system.

Effect: The prior audit balances have been presented for the Fixed Asset Account Group. Due to the lack of records we were unable to form an opinion on the Fixed Asset Account Group.

Recommendation: That records for the Fixed Asset Account Group be maintained in accordance with Local Government Services Technical Directive 85-2.

Finding 2011-4

Criteria: Detailed subsidiary records that support control balances in the general ledger are critical to the Borough's internal control environment.

Condition: The Borough maintains detailed subsidiary records to support various reserves in the Trust Other Fund such as escrow accounts but the subsidiary records are not in agreement with the general ledger control accounts and have not been reconciled.

Cause: The Borough has not implemented control procedures to reconcile subsidiary records to the general ledger control accounts.

Effect: Reserve balances were not supported by reconciled subsidiary records and we were unable to form an opinion on certain reserve balances within the Borough's Trust Other Fund.

Recommendation: That detailed subsidiary records be utilized and reconciled to control balances for accounts that require such detail as escrow accounts, the police off duty account and tax collector's lien redemption account.

OTHER COMMENTS (continued)

Significant Deficiency

Finding 2011-5

Criteria: A proper segregation of duties is critical to the Borough's internal control environment. Segregation of conflicting duties within accounting functions is a basic internal control.

Condition: Funds from various departments are turned over to the finance officer for deposit. The finance officer makes the deposit and also prepares the bank reconciliation.

Cause: The Borough has not implemented a proper segregation of duties over the cash receipt function.

Effect: Deposit of funds from other departments is not verified and could result in misappropriation.

Recommendation: That proper segregation of duties be maintained over the cash receipt cycle.

Other Matters

Finding 2011-6

Comment: The Borough has a dedication by rider approved for a Board of Recreation Commission under NJSA 40:12-1 and a dedication by rider approved for a recreation trust fund under PL 1999 C292. There is one balance in the financial statements and the balance is in excess of \$138,000. The state requires that municipalities have only one recreation rider. These dedications are for two separate purposes and should not be combined. The recreation trust fund should have a minimal balance as the intent is to collect fees to cover the costs of trips or programs for which the participants are being charged for the cost of the trip or program.

Recommendation: That the Borough adhere to state regulations regarding the use of dedicated recreation trust funds.

OTHER COMMENTS (continued)

Finding 2011-7

Comment: The DARE, Police Explorer and Summer Camp bank accounts are being maintained by the police department. All accounts maintained by the Borough are required to be within the records maintained by the finance officer and all bills are to be approved by the governing body. In addition, one individual is responsible for depositing funds, disbursing of funds and reconciling the bank account.

Recommendation: That all bank accounts be maintained in the finance office and recorded in the appropriate general ledger.

Finding 2011-8

Comment: N.J.A.C. 5:30-14.49 requires the Borough have a review of the Length of Service Award Program be performed in accordance with the American Institute of Certified Public Accountants Statements on Standards for Accounting and Review Services.

Recommendation: That the Borough obtain review reports for its Length of Service Award Program performed in accordance with the American Institute of Certified Public Accountants Statements on Standards for Accounting and Review Services.

Finding 2011-9

Comment: The trustee statements for the Length of Service Award Program were not on file at Borough Hall and there was no accounting of the activity included in the Borough's records.

Recommendation: That the Borough receive trustee statements for the Length of Service Award Program on a monthly basis and review and record the activity in the finance system.

Finding 2011-10

Comment: N.J.S.A. 5-14 requires the Borough to adopt a cash management plan which must be approved by resolution on an annual basis. The Borough has not complied with this statute.

Recommendation: That the Borough prepare a cash management plan and adopt the plan on an annual basis.

Finding 2011-11

Comment: The tax sale held in 2011 was incomplete. Two properties were omitted from the sale.

Recommendation: That all properties subject to tax sale be included in the tax sale.

OTHER COMMENTS (continued)

Finding 2011-12

Comment: There is a reserve for recreation improvements in the amount of \$68,651.00 on the current fund balance sheet. State accounting principles do not provide for this reserve in the current fund.

Recommendation: That the Borough determine the nature of the reserve for recreation improvements and determine the appropriate disposition.

Finding 2011-13

Comment: Interfunds receivable and payable are reflected on the various balance sheets of the funds at December 31, 2011.

Recommendation: That all interfunds be liquidated prior to year end.

Finding 2011-14

Comment: The analysis of water/sewer utility capital cash reflects a negative cash balance of \$769,595.00 in Bond Ordinance 10-15.

Recommendation: That adequate cash funding be in place prior to commitments being placed against an ordinance.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute.

Payroll

An examination was made of the employees' compensation records for the year 2011 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Vouchers for overtime and part-time wages were checked.

Miscellaneous Comments

The confirmation sent to the Local District Board of Education verified the correct school tax payable at December 31, 2011.

OTHER COMMENTS (continued)

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended during the course of the audit.

RECOMMENDATIONS

It is recommended:

- 11-1. That the Borough review the payroll fund balances and determine what the unidentified balance of \$111,301.39 is and take appropriate action. The general ledger should be reviewed and reconciled to subsidiary records on a timely basis.
- 11-2. That the Borough implement procedures where all activity of the tax collector and water-sewer collector is reported to the finance officer to be recorded in the general ledger. All balances at month end between the offices be reconciled and all activity be reported in the proper accounting period.
- 11-3. That records for the Fixed Asset Account Group be maintained in accordance with Local Government Services Technical Directive 85-2.
- 11-4. That detailed subsidiary records be utilized and reconciled to control balances for accounts that require such detail such as escrow accounts, the police off duty account and the tax collection's lien redemption account.
- 11-5. That proper segregation of duties be maintained over the cash receipt cycle.
- 11-6. That the Borough allocate interest on escrow accounts in excess of \$5,000.00 between the Borough and the individual escrow account.
- 11-7. That all bank accounts be maintained in the finance office and recorded in the appropriate general ledger.
- 11-8. That the Borough obtain review reports for its Length of Service Award Program performed in accordance with the American Institute of Certified Public Accountants Statements on Standards for Accounting and Review Services.
- 11-9. That the Borough receive trustee statements for the Length of Service Award Program on a monthly basis and review and record the activity in the finance system.
- 11-10. That the Borough prepare a cash management plan and adopt the plan on an annual basis.
- 11-11. That all properties subject to tax sale be included in the tax sale.
- 11-12. That the Borough determine the nature of the reserve for recreation improvements and determine the appropriate disposition.
- 11-13. That all interfunds be liquidated prior to year end.

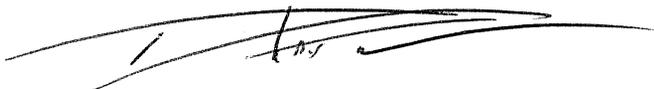
OTHER COMMENTS (continued)

11-14. That adequate cash funding be in place prior to commitments being placed against an ordinance.

Of the above recommendations, all are similar to those reported in the 2010 audit.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'T. Fallon', is written over a horizontal line.

Thomas P. Fallon
Certified Public Accountant
Registered Municipal Accountant # 465
For the Firm
FALLON & LARSEN LLP