

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2011

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

Table of Contents

Part I

	<u>Pages</u>
Independent Auditor's Report	1-2
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	3-4
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
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
<u>Trust Fund</u>	
Comparative Balance Sheet - Regulatory Basis	B
Comparative Statement of Other Trust Fund Balance - Regulatory Basis	B-1
<u>General Capital Fund</u>	
Comparative Balance Sheet - Regulatory Basis	C
Comparative Statement of Fund Balance - Regulatory Basis	C-1
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet - Regulatory Basis	D
<u>Payroll Fund</u>	
Comparative Balance Sheet - Regulatory Basis	E

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

Table of Contents

Part I
(Continued)

<u>Financial Statements</u>	<u>Exhibit</u>
<u>Public Assistance Fund</u>	
Comparative Balance Sheet - Regulatory Basis	F
<u>Notes to Financial Statements</u>	<u>Pages</u> 5-23

Part II

<u>Supplementary Schedules</u>	<u>Schedule</u>
<u>Current Fund</u>	
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 Property Acquired for Taxes at Assessed Valuation	A-8
Schedule of Due from/(to) 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 Accounts Payable	A-12
Schedule of Prepaid Taxes	A-13
Schedule of Tax Overpayments	A-14
Schedule of County Taxes Payable	A-15
Schedule of Local School District Tax Payable	A-16
Schedule of Regional High School Tax Payable	A-17
Schedule of Various Reserves	A-18
Schedule of Interfunds Payable	A-19
Schedule of Due from Current Fund - Federal and State Grant Fund	A-20
Schedule of Grants Receivable - Federal and State Grant Fund	A-21
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-22
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-23

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

Table of Contents

Part II
(Continued)

Supplementary Schedules

Schedule

Trust Fund

Schedule of Cash	B-2
Schedule of Reserve for Animal Control Fund Expenditures	B-3
Schedule of Due to State of New Jersey - Animal Control Fund	B-4
Schedule of Reserve for Open Space	B-5
Schedule of Interfund - Open Space Fund	B-6
Schedule of Various Reserves - Other Trust Fund	B-7
Schedule of Length of Service Award Program Fund Investments	B-8
Schedule of Reserve for Length of Service Award Program Fund	B-9
Schedule of Assessments Receivable - Assessment Fund	B-10
Schedule of New Jersey Environmental Infrastructure Trust	
Loan - Assessment Fund	B-11
Schedule of New Jersey Department of Environmental Protection Fund	
Loan - Assessment Fund	B-12

General Capital Fund

Schedule of Cash	C-2
Analysis of General Capital Fund 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 Grants Receivable	C-6
Schedule of Interfund - Open Space Fund	C-7
Schedule of Reserve for Encumbrances	C-8
Schedule of Accrued Interest on Bonds	C-9
Schedule of Improvement Authorizations	C-10
Schedule of General Serial Bonds	C-11
Schedule of Capital Improvement Fund	C-12
Schedule of Green Trust Loans Payable	C-13
Schedule of Reserve for Payment of Bonds	C-14
Schedule of Bonds and Notes Authorized but Not Issued	C-15
Schedule of Due from New Jersey Environmental Infrastructure Financing Program	C-16

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2011

Table of Contents

Part II
(Continued)

	<u>Schedule</u>
<u>General Fixed Assets Account Group</u>	
Schedule of Investment in General Fixed Assets	D-1
	<u>Part III</u>
<u>Comments</u>	<u>Pages</u> 24-29
	<u>Part IV</u>
<u>Comments and Recommendations</u>	<u>Page</u> 30

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Oceanport
County of Monmouth
Oceanport, New Jersey

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

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

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. In addition, the financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 1.49% and 1.33% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund as of December 31, 2011 and 2010, respectively.

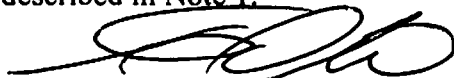
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In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



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

Oliwa & Company

Freehold, New Jersey
September 28, 2012

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

Honorable Mayor and Members
of the Borough Council
Borough of Oceanport
County of Monmouth
Oceanport, New Jersey

We have audited the regulatory basis financial statements of the Borough of Oceanport, County of Monmouth, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated September 28, 2012, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program Fund to be audited. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

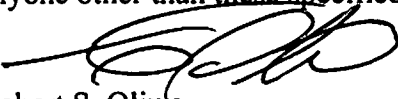
Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

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



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

Oliwa & Company

Freehold, New Jersey
September 28, 2012

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents:			
Cash	A-4	\$4,286,611.95	\$3,987,233.30
Change Funds		300.00	300.00
Due from State of New Jersey (P.L. 1971, C. 20)	A-9		201.99
		<u>4,286,911.95</u>	<u>3,987,735.29</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	200,881.88	257,498.40
Tax Title Liens Receivable	A-6	22,290.01	18,108.01
Revenue Accounts Receivable	A-7	12,499.09	4,886.31
Property Acquired for Taxes at Assessed Valuation	A-8	3,300.00	3,300.00
Delinquent Penalties Receivable		3,576.39	
Code Official Security Deposit		1,000.00	1,000.00
	A	<u>243,547.37</u>	<u>284,792.72</u>
		<u>4,530,459.32</u>	<u>4,272,528.01</u>
Federal and State Grant Fund:			
Interfunds Receivable	A-20	95,776.89	145,041.06
Grants Receivable	A-21	21,742.00	104,507.00
		<u>117,518.89</u>	<u>249,548.06</u>
		<u>\$4,647,978.21</u>	<u>\$4,522,076.07</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,A-10	\$203,481.11	\$216,481.38
Reserve for Encumbrances	A-11	129,925.74	166,387.04
Accounts Payable	A-12	5,473.99	5,473.99
Prepaid Taxes	A-13	117,702.86	266,125.77
Tax Overpayments	A-14	21,474.11	29,193.42
County Taxes Payable	A-15	11,166.95	16,790.87
Local School District Tax Payable	A-16	1,655,460.22	1,653,201.70
Regional High School Tax Payable	A-17	1,294,628.37	966,308.37
Various Reserves	A-18	32,218.53	50,215.12
Due to State of New Jersey (P.L. 1971, C. 20)	A-9	632.25	
Due to Federal and State Grant Fund	A-19	95,776.89	145,041.06
		<u>3,567,941.02</u>	<u>3,515,218.72</u>
Reserves for Receivables and Other Assets	A	243,547.37	284,792.72
Fund Balance	A-1	718,970.93	472,516.57
		<u>4,530,459.32</u>	<u>4,272,528.01</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-22	117,518.89	237,063.45
Unappropriated Reserves	A-23		12,484.61
		<u>117,518.89</u>	<u>249,548.06</u>
		<u>\$4,647,978.21</u>	<u>\$4,522,076.07</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Fund Balance Utilized	A-2	\$372,000.00	\$519,738.00
Miscellaneous Revenue Anticipated	A-2	1,109,355.71	1,189,295.43
Receipts from Delinquent Taxes	A-2	251,886.29	206,883.62
Receipts from Current Taxes	A-2	21,228,231.35	20,551,194.35
Non-Budget Revenues	A-2	202,166.25	76,904.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	157,043.49	112,798.31
Domestic Partnership License Fees Canceled			50.00
Total Revenue		<u>23,320,683.09</u>	<u>22,656,864.15</u>
<u>Expenditures</u>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	2,547,749.00	2,700,840.00
Other Expenses	A-3	2,491,220.50	2,385,419.75
Deferred Charges and Statutory Expenditures	A-3	656,418.00	374,038.00
Budget Appropriations Excluded from CAPS:			
Operations:			
Salaries and Wages	A-3	167,500.00	65,000.00
Other Expenses	A-3	149,538.70	527,181.77
Capital Improvements	A-3	25,000.00	20,000.00
Municipal Debt Service	A-3	580,503.06	574,086.01
Deferred Charges			89,500.00
County Taxes	A-15	3,495,034.87	3,616,287.53
Local District School Tax	A-16	7,988,805.75	7,988,107.59
Regional High School Tax	A-17	4,390,114.25	3,733,653.81
Local Open Space Tax		210,344.60	210,178.34
Total Expenditures		<u>22,702,228.73</u>	<u>22,284,292.80</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess in Revenue		\$618,454.36	\$372,571.35
Fund Balance January 1	A	<u>472,516.57</u>	<u>619,683.22</u>
		1,090,970.93	992,254.57
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>372,000.00</u>	<u>519,738.00</u>
Fund Balance December 31	A	<u><u>\$718,970.93</u></u>	<u><u>\$472,516.57</u></u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$372,000.00		\$372,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-7	800.00		815.00	\$15.00
Other	A-7	2,800.00		3,893.00	1,093.00
Fees and Permits	A-7	9,000.00		9,083.37	83.37
Municipal Court Fines and Costs	A-7	92,000.00		100,113.29	8,113.29
Interest and Costs on Taxes	A-7	55,000.00		59,699.49	4,699.49
Interest on Investments and Deposits	A-7	9,000.00		5,815.62	(3,184.38)
Consolidated Municipal Property Tax Relief Aid	A-7	24,461.00		24,461.00	
Energy Receipts Tax	A-7	518,387.00		518,387.00	
Uniform Construction Code Fees	A-7	70,000.00		81,110.00	11,110.00
Municipal Court - Sea Bright	A-7	65,000.00		78,040.08	13,040.08
N.J. State Police - Emergency Management					
Exercise Improvement	A-21	12,484.61		12,484.61	
Clean Communities Program	A-21		\$10,562.41	10,562.41	
Alcohol Education and Rehabilitation Fund	A-21		107.87	107.87	
Energy Efficiency and Conservation Block Grant	A-21		19,156.11	19,156.11	
Oceanport Drug Awareness	A-21		2,939.80	2,939.80	
Body Armor Fund	A-21		1,692.90	1,692.90	
NJSEA - Payment for Environmental Infrastructure					
Trust Fees	A-7	75,077.50		75,077.50	
Senior Citizen Housing - In Lieu of Taxes	A-7	52,000.00		54,634.64	2,634.64
Other Trust Fund Surplus	A-7	51,282.02		51,282.02	
Total Miscellaneous Revenues	A-1	1,037,292.13	34,459.09	1,109,355.71	37,604.49

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Receipts from Delinquent Taxes	A-1,A-2	\$227,565.98		\$251,886.29	\$24,320.31
Subtotal General Revenues		1,636,858.11	\$34,459.09	1,733,242.00	61,924.80
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-2, A-5	5,321,613.00		5,518,931.88	\$197,318.88
Non-Budget Revenues	A-2			202,166.25	
Total		\$6,958,471.11	\$34,459.09	\$7,454,340.13	
	<u>Ref.</u>	A-3	A-3		

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,A-5	\$21,228,231.35
Allocated to School, County and Open Space Taxes		<u>16,084,299.47</u>
Balance for Support of Municipal Budget Appropriations		5,143,931.88
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>375,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$5,518,931.88</u>
 <u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-2,A-5	<u>\$251,886.29</u>
 <u>Analysis of Non-Budget Revenues:</u>		
FEMA Reimbursements		\$93,698.55
Cable Franchise Fees		62,742.08
Off Duty Police Administrative Fee		16,410.23
Lawn Service for Board of Education		8,500.00
Insurance Refund		8,023.86
Board of Health		4,344.00
Tax Collector		3,857.34
State of NJ - Senior Citizen Administrative Fee		1,504.03
Miscellaneous		1,461.35
Photocopies		974.81
DMV Inspection Fines		650.00
	A-1,A-2,A-4	<u>\$202,166.25</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

A-3
Sheet 1 of 10

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
General Government Functions:					
Administrative and Executive					
Salaries and Wages	\$136,504.00	\$136,504.00	\$136,503.67	\$0.33	
Other Expenses	57,140.00	57,140.00	56,206.68	933.32	
Financial Administration					
Salaries and Wages	58,878.00	58,878.00	58,878.00		
Other Expenses	40,600.00	40,600.00	36,252.19	4,347.81	
Collection of Taxes					
Salaries and Wages	53,060.00	53,060.00	53,060.00		
Other Expenses	3,615.00	3,615.00	2,906.33	708.67	
Liquidation of Tax Title Liens					
Other Expenses	100.00	100.00		100.00	
Tax Sale					
Other Expenses	300.00	300.00	173.96	126.04	
Assessment of Taxes					
Salaries and Wages	17,620.00	17,620.00	17,469.85	150.15	
Other Expenses	5,000.00	5,000.00	4,088.90	911.10	
Legal Services and Costs					
Other Expenses	80,000.00	100,000.00	87,463.48	12,536.52	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

A-3
Sheet 2 of 10

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Engineering Services and Costs					
Other Expenses	\$43,000.00	\$52,000.00	\$43,991.05	\$8,008.95	
Land Use Administration:					
Planning Board and Board of Adjustment					
Salaries and Wages	6,000.00	6,000.00	6,000.00		
Other Expenses	2,200.00	2,200.00	537.44	1,662.56	
Planning Fees - Land Development					
Other Expenses	40,000.00	22,000.00	13,076.23	8,923.77	
Environmental Commission					
Other Expenses	600.00	600.00		600.00	
Public Safety Functions:					
Municipal Court					
Salaries and Wages	65,282.00	65,282.00	64,249.50	1,032.50	
Other Expenses	6,400.00	6,400.00	5,333.61	1,066.39	
Public Defender					
Salaries and Wages	3,000.00	3,000.00	1,000.00	2,000.00	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget after Modification	Paid or Charged	Reserved	
<u>Operations Within "CAPS"</u>					
Police Department					
Salaries and Wages	\$1,782,028.00	\$1,774,028.00	\$1,730,816.62	\$43,211.38	
Other Expenses	100,538.00	108,538.00	105,470.78	3,067.22	
Other Expenses - Police Car	30,000.00	30,000.00	30,000.00		
Emergency Management Services					
Salaries and Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	9,900.00	10,200.00	10,178.19	21.81	
First Aid Organization - Contribution	40,000.00	40,000.00	39,977.32	22.68	
Fire					
Other Expenses					
Miscellaneous	55,360.00	55,360.00	53,858.68	1,501.32	
Fire Hydrant Service	63,000.00	63,000.00	62,650.46	349.54	
Municipal Prosecutor					
Salaries and Wages	8,400.00	11,400.00	10,640.00	760.00	
Public Works Functions:					
Road Repairs and Maintenance					
Salaries and Wages	305,000.00	305,000.00	300,701.37	4,298.63	
Other Expenses	95,000.00	95,000.00	91,489.59	3,510.41	
Garbage and Trash Removal					
Other Expenses	125,000.00	125,050.00	125,000.00	50.00	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Public Buildings and Grounds					
Other Expenses	\$60,000.00	\$60,000.00	\$57,441.65	\$2,558.35	
Shade Tree Commission					
Other Expenses	8,500.00	8,500.00	8,150.00	350.00	
Recycling					
Other Expenses	28,000.00	26,550.00	24,203.21	2,346.79	
Health and Human Services:					
Board of Health					
Salaries and Wages	2,063.00	2,063.00	2,059.00	4.00	
Other Expenses	500.00	500.00	281.50	218.50	
Bloodborne Pathogens					
Other Expenses	500.00	500.00		500.00	
Parks and Recreation Functions:					
Recreation and Education					
Salaries and Wages	12,030.00	10,530.00	10,186.33	343.67	
Other Expenses	19,160.00	19,160.00	12,721.29	6,438.71	
Senior Citizen Committee					
Other Expenses	2,000.00	2,000.00	2,000.00		

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Insurance Functions:					
Insurance					
General Liability	\$96,600.00	\$96,600.00	\$96,139.32	\$460.68	
Worker Compensation	118,220.00	118,220.00	118,219.95	0.05	
Employee Group Health	695,560.00	685,560.00	667,720.20	17,839.80	
Health Benefits Waiver	7,000.00	7,000.00	7,000.00		
Dental	47,000.00	42,000.00	36,411.01	5,588.99	
Education:					
Expenses in Participation in Free County Library					
Salaries and Wages	1,700.00	1,950.00	1,812.51	137.49	
Other Expenses	5,250.00	5,250.00	4,552.40	697.60	
Transportation of High School Students					
Other Expenses	15,000.00	15,000.00	14,179.25	820.75	
Other Common Operating Functions:					
Salary Adjustment Account	15,000.00	15,000.00		15,000.00	
Celebration of Public Events					
Other Expenses	1,000.00	1,700.00	1,561.94	138.06	
State Uniform Construction Code					
Salaries and Wages	76,975.00	78,575.00	78,455.92	119.08	
Other Expenses	6,000.00	7,000.00	5,768.95	1,231.05	
Code Enforcement					
Salaries and Wages	5,809.00	5,859.00	5,810.00	49.00	
Other Expenses	3,500.00	3,500.00	3,109.99	390.01	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

A-3
Sheet 6 of 10

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

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget after Modification	Paid or Charged	Reserved	
<u>Operations Within "CAPS"</u>					
Utility Expenses and Bulk Purchases:					
Street Lighting	\$87,000.00	\$87,000.00	\$74,657.62	\$12,342.38	
Gasoline	60,000.00	69,350.00	68,338.38	1,011.62	
Electricity	59,000.00	59,000.00	52,555.28	6,444.72	
Telephone	20,000.00	21,000.00	19,273.13	1,726.87	
Water and Sewer	14,500.00	14,500.00	11,500.28	2,999.72	
Natural Gas	25,000.00	25,000.00	19,857.99	5,142.01	
Landfill/Solid Waste Disposal Costs:					
Tipping Fees	224,000.00	224,150.00	224,000.00	150.00	
NJ Environmental Infrastructure Trust:					
Administrative Fees	75,077.50	75,077.50	75,077.50		
Total Operations - Within "CAPS"	5,028,469.50	5,038,969.50	4,854,018.50	184,951.00	
Detail:					
Salaries and Wages	2,552,349.00	2,547,749.00	2,480,642.77	67,106.23	
Other Expenses (including Contingent)	2,476,120.50	2,491,220.50	2,366,375.73	117,844.77	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Deferred Charges and Statutory Expenditures Within "CAPS"</u>					
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System of N.J.	\$106,141.00	\$106,141.00	\$106,141.00		
Social Security System (O.A.S.I.)	150,000.00	139,500.00	130,946.80	\$8,553.20	
Police and Firemen's Retirement System of N.J.	409,777.00	409,777.00	409,777.00		
Defined Contribution Retirement Program	1,000.00	1,000.00		1,000.00	
Deferred Charges and Statutory Expenditures Within "CAPS"	<u>666,918.00</u>	<u>656,418.00</u>	<u>646,864.80</u>	<u>9,553.20</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>5,695,387.50</u>	<u>5,695,387.50</u>	<u>5,500,883.30</u>	<u>194,504.20</u>	
<u>Operations Excluded from "CAPS"</u>					
Monmouth County 911 Program	16,250.00	16,250.00	16,224.64	25.36	
Length of Service Awards Program	70,000.00	70,000.00	70,000.00		
Employee Group Health	14,440.00	14,440.00	14,440.00		
Total Other Operations - Excluded from "CAPS"	<u>100,690.00</u>	<u>100,690.00</u>	<u>100,664.64</u>	<u>25.36</u>	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Interlocal Municipal Service Agreements					
Municipal Court - Sea Bright					
Salaries and Wages	\$65,000.00	\$65,000.00	\$65,000.00		
Police Dispatch - West Long Branch					
Salaries and Wages	102,500.00	102,500.00	93,548.45	\$8,951.55	
Total Interlocal Municipal Service Agreements	<u>167,500.00</u>	<u>167,500.00</u>	<u>158,548.45</u>	<u>8,951.55</u>	
Public and Private Programs Offset by Revenues					
Clean Communities Program (40A:4-87, \$10,562.41+)		10,562.41	10,562.41		
Municipal Alliance Grant - Local Match	1,905.00	1,905.00	1,905.00		
Municipal Alcohol Education and Rehabilitation Fund (40A:4-87, \$107.87+)		107.87	107.87		
Body Armor Fund (40A:4-87, \$1,692.90+)		1,692.90	1,692.90		
N.J. State Police - Emergency Management Exercise Improvement	12,484.61	12,484.61	12,484.61		
Energy Efficiency and Conservation Block Grant (40A:4-87, \$19,156.11+)		19,156.11	19,156.11		
Oceanport Drug Awareness (40A:4-87, \$2,939.80+)		2,939.80	2,939.80		
Total Public and Private Programs Offset by Revenues	<u>14,389.61</u>	<u>48,848.70</u>	<u>48,848.70</u>		
Total Operations - Excluded from "CAPS"	<u>282,579.61</u>	<u>317,038.70</u>	<u>308,061.79</u>	<u>8,976.91</u>	
Detail:					
Salaries and Wages	167,500.00	167,500.00	158,548.45	8,951.55	
Other Expenses	115,079.61	149,538.70	149,513.34	25.36	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Capital Improvements - Excluded from "CAPS"</u>					
Capital Improvement Fund	\$25,000.00	\$25,000.00	\$25,000.00		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	404,000.00	404,000.00	404,000.00		
Interest on Bonds	149,532.00	149,532.00	149,531.11		\$0.89
Green Trust Loan Program - Loan Repayments for Principal and Interest	26,972.00	26,972.00	26,971.95		0.05
Total Municipal Debt Service Excluded from "CAPS"	580,504.00	580,504.00	580,503.06		0.94
Total General Appropriations Excluded from "CAPS"	888,083.61	922,542.70	913,564.85	\$8,976.91	0.94
Subtotal General Appropriations	6,583,471.11	6,617,930.20	6,414,448.15	203,481.11	0.94
Reserve for Uncollected Taxes	375,000.00	375,000.00	375,000.00		
Total General Appropriations	\$6,958,471.11	\$6,992,930.20	\$6,789,448.15	\$203,481.11	\$0.94
<u>Ref.</u>	A-2		A-1	A, A-1	

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

A-3
Sheet 10 of 10

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

	<u>Ref.</u>	<u>Budget after Modification</u>
Budget	A-3	\$6,958,471.11
Appropriation by 40A:4-87	A-2	<u>34,459.09</u>
		<u><u>\$6,992,930.20</u></u>
		<u>Paid or Charged</u>
Disbursements	A-4	\$6,235,673.71
Reserve for Encumbrances	A-11	129,925.74
Appropriated Reserves for Federal and State Grants	A-20,A-24	48,848.70
Reserve for Uncollected Taxes	A-2	<u>375,000.00</u>
		<u><u>\$6,789,448.15</u></u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assessment Fund:			
Assessments Receivable	B-10	<u>\$23,149,779.00</u>	<u>\$23,149,779.00</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-2	<u>5,190.90</u>	<u>5,346.80</u>
Open Space Fund:			
Cash and Cash Equivalents	B-2	591,631.21	271,392.08
Due from General Capital Fund			<u>245,000.00</u>
		<u>591,631.21</u>	<u>516,392.08</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-2	<u>493,845.16</u>	<u>462,348.37</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	B-8	<u>367,511.08</u>	<u>325,572.36</u>
		<u>\$24,607,957.35</u>	<u>\$24,459,438.61</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assessment Fund:			
New Jersey Environmental Infrastructure Trust Loan	B-11	\$6,265,000.00	\$6,265,000.00
New Jersey Department of Environmental Protection Fund Loan	B-12	<u>16,884,779.00</u>	<u>16,884,779.00</u>
		<u>23,149,779.00</u>	<u>23,149,779.00</u>
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	<u>5,190.90</u>	<u>5,346.80</u>
Open Space Fund:			
Reserve for Open Space	B-5	<u>591,631.21</u>	<u>516,392.08</u>
Other Trust Fund:			
Various Reserves	B-7	493,845.16	411,066.35
Fund Balance	B-1	<u>493,845.16</u>	<u>51,282.02</u>
		<u>493,845.16</u>	<u>462,348.37</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	B-9	<u>367,511.08</u>	<u>325,572.36</u>
		<u>\$24,607,957.35</u>	<u>\$24,459,438.61</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	B	\$51,282.02	\$102,282.02
Decreased by:			
Payment to Current Fund as Anticipated Revenue	B-2	<u>51,282.02</u>	<u>51,000.00</u>
Balance, December 31	B	<u><u>\$0.00</u></u>	<u><u>\$51,282.02</u></u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

C

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

<u>Assets</u>	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	C-2	\$627,479.30	\$270.48
Due from New Jersey Environmental Infrastructure Financing Program	C-16	4,780,976.00	11,020,437.00
Deferred Charges to Future Taxation:			
Funded	C-4	4,865,595.14	4,156,757.23
Unfunded	C-5	1,850,221.00	2,682,193.00
Grants Receivable	C-6	185,244.04	151,535.55
		<u>\$12,309,515.48</u>	<u>\$18,011,193.26</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-11	\$4,591,000.00	\$3,861,000.00
Green Trust Loans Payable	C-13	274,595.14	295,757.23
Improvement Authorizations:			
Funded	C-10	5,534,064.76	11,204,318.50
Unfunded	C-10	1,850,221.00	2,285,053.54
Capital Improvement Fund	C-12	5,630.50	3,130.50
Due to Open Space Fund	C-7		245,000.00
Accrued Interest on Bonds	C-9	3,478.24	3,478.24
Reserve for:			
Encumbrances	C-8,C-10	34,202.56	102,723.10
Payment of Bonds	C-14	6,801.49	6,801.49
Fund Balance	C-1	9,521.79	3,930.66
		<u>\$12,309,515.48</u>	<u>\$18,011,193.26</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$1,850,221.00 and \$2,682,193.00 on December 31, 2010 (Schedule C-15).

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$3,930.66	\$3,930.66
Increased by:			
Premium on Serial Bonds Issued	C-2	<u>5,591.13</u>	<u>-</u>
Balance, December 31	C	<u><u>\$9,521.79</u></u>	<u><u>\$3,930.66</u></u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
General Fixed Assets:			
Land and Buildings		\$1,980,999.00	\$1,875,999.00
Machinery and Equipment		3,094,899.00	2,938,354.00
		<u>\$5,075,898.00</u>	<u>\$4,814,353.00</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	D-1	<u>\$5,075,898.00</u>	<u>\$4,814,353.00</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$45,950.30</u>	<u>\$44,873.03</u>
<u>Liabilities</u>		
Reserve for Expenditures	<u>\$45,950.30</u>	<u>\$44,873.03</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and Cash Equivalents	<u>\$5,000.00</u>	<u>\$5,000.00</u>
<u>Liabilities and Reserves</u>		
Reserve for Public Assistance	<u>\$5,000.00</u>	<u>\$5,000.00</u>

See Accompanying Notes

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Descriptions of Funds

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Descriptions of Funds (continued)

Assessment Fund - used to record transactions relative to the financing of local improvements deemed to benefit the properties against which assessments are levied.

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

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

Open Space Fund - used to record receipts and disbursements relative to open space acquisition and maintenance.

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

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

Payroll Fund - used to record payroll related transactions.

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

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

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

The Governmental Unit Deposit Protection Act (“GUDPA”) requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that the market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

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

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Uninsured and Uncollateralized	\$135,063.23	\$116,820.71
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>4,821,259.50</u>	<u>3,581,502.98</u>
	<u>\$4,956,322.73</u>	<u>\$3,698,323.69</u>

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Deposits (continued)

In addition, as of December 31, 2011 and 2010, the Borough had \$638,643.90 and \$637,952.01, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

Investments

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

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

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

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

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

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk. Length of Service Award Program investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program investments as reported on December 31, 2011 and 2010 were \$367,511.08 and \$325,572.36, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. As of December 31, 2011 and 2010 no such investments were held by the Borough.

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

NOTE 3. 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	\$117,702.86	\$266,125.77

NOTE 4. 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 regulatory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the “notes”) are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
General Improvements	12/01/02	\$1,010,000.00	5.00%	\$565,000.00
General Improvements	09/01/05	2,849,000.00	3.625%-3.75%	1,650,000.00
General Improvements	12/13/07	803,000.00	5.00%	491,000.00
General Improvements	12/04/08	1,043,000.00	4.00%-5.00%	695,000.00
General Improvements	01/24/11	795,000.00	2.00%-5.00%	795,000.00
General Improvements	12/29/11	395,000.00	2.00%-5.00%	395,000.00
				<u>\$4,591,000.00</u>

Long-term bonded debt service requirements are as follows:

	<u>General Capital Fund</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$577,000.00	\$193,755.69	\$770,755.69
2013	596,000.00	171,786.25	767,786.25
2014	611,000.00	146,536.25	757,536.25
2015	632,000.00	120,648.75	752,648.75
2016	582,000.00	93,580.00	675,580.00
2017-2021	1,593,000.00	157,100.00	1,750,100.00
	<u>\$4,591,000.00</u>	<u>\$883,406.94</u>	<u>\$5,474,406.94</u>

NOTE 4. DEBT (continued)

A. Long-Term Debt (continued)

Green Trust Loans

The Borough's Green Trust loans are summarized as follows:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Loan</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
Horseneck Point Acquisition	1999	\$151,250.00	2.00%	\$65,201.85
Multi-Parks Development	2005	247,299.54	2.00%	181,148.34
Multi-Parks Development	2006	35,200.46	2.00%	28,244.95
				<u>\$274,595.14</u>

Green Trust Loans debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$21,587.46	\$5,384.50	\$26,971.96
2013	22,021.36	4,950.60	26,971.96
2014	22,464.00	4,507.96	26,971.96
2015	22,915.53	4,056.43	26,971.96
2016	23,376.12	3,595.84	26,971.96
2017-2021	100,132.24	11,214.57	111,346.81
2022-2025	<u>62,098.43</u>	<u>2,668.53</u>	<u>64,766.96</u>
	<u>\$274,595.14</u>	<u>\$36,378.43</u>	<u>\$310,973.57</u>

New Jersey Environmental Infrastructure Trust and New Jersey Department of Environmental Protection Fund Loans

In 2009 the Borough issued special assessment bonds to evidence the payment obligations of the Borough in consideration of loans made to the Borough by the New Jersey Environmental Infrastructure Trust (\$6,265,000.00) and the New Jersey Department of Environmental Protection (\$16,884,779.00). A special assessment agreement has been executed between the Borough and New Jersey Sports and Exposition Authority (the "NJSEA"). At the request of the NJSEA, and agreed to by the Borough, certain public improvements to Monmouth Park Racetrack will be funded solely from loans (the "Loans") made to the Borough from the New Jersey Environmental Infrastructure Trust and the New Jersey Department of Environmental Protection. In order to further secure the Loans and the special assessment bonds, and to recover costs incurred by the Borough in connection with the issuance of the special assessment bonds and the undertaking of the public improvements, the Borough has imposed a special assessment, to be paid by the NJSEA, to be used by the Borough to repay the Loans. The Borough is ultimately responsible for the repayment of these Loans.

NOTE 4. DEBT (continued)

A. Long-Term Debt (continued)

New Jersey Environmental Infrastructure Trust and New Jersey Department of Environmental Protection Fund Loans (continued)

The Loans are summarized as follows:

<u>Issuer</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>
New Jersey Environmental Infrastructure Trust Loan	12/02/09	\$6,265,000.00	3.75%-5.00%	\$6,265,000.00
New Jersey Department of Environmental Protection Fund Loan	12/02/09	16,884,779.00	0.00%	16,884,779.00
				<u>\$23,149,779.00</u>

Debt service requirements on the Loans are as follows:

<u>Year</u>	<u>Assessment Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012		\$264,887.50	\$264,887.50
2013	\$1,248,222.28	264,887.50	1,513,109.78
2014	1,258,222.28	252,137.50	1,510,359.78
2015	1,273,222.28	238,887.50	1,512,109.78
2016	1,288,222.28	224,887.50	1,513,109.78
2017	1,298,222.28	210,137.50	1,508,359.78
2018-2022	6,726,111.40	826,037.50	7,552,148.90
2023-2027	7,096,111.40	453,812.50	7,549,923.90
2028-2029	2,961,444.80	58,800.00	3,020,244.80
	<u>\$23,149,779.00</u>	<u>\$2,794,475.00</u>	<u>\$25,944,254.00</u>

NOTE 4. DEBT (continued)

A. Long-Term Debt (continued)

Long-term debt transactions for the years ended December 31, 2011 and 2010 are summarized as follows:

	Balance Dec. 31, 2010	Additions	Deductions	Balance Dec. 31, 2011
General Capital Fund:				
General Serial Bonds	\$3,861,000.00	\$1,190,000.00	\$460,000.00	\$4,591,000.00
Green Trust Loans	295,757.23		21,162.09	274,595.14
Assessment Fund:				
New Jersey Environmental Infrastructure Trust Loan	6,265,000.00			6,265,000.00
New Jersey Department of Environmental Protection Fund Loan	16,884,779.00			16,884,779.00
	<u>\$27,306,536.23</u>	<u>\$1,190,000.00</u>	<u>\$481,162.09</u>	<u>\$28,015,374.14</u>

	Balance Dec. 31, 2009	Additions	Deductions	Balance Dec. 31, 2010
General Capital Fund:				
General Serial Bonds	\$4,312,000.00		\$451,000.00	\$3,861,000.00
Green Trust Loans	316,502.36		20,745.13	295,757.23
Assessment Fund:				
New Jersey Environmental Infrastructure Trust Loan	6,265,000.00			6,265,000.00
New Jersey Department of Environmental Protection Fund Loan	16,884,779.00			16,884,779.00
	<u>\$27,778,281.36</u>	<u>-</u>	<u>\$471,745.13</u>	<u>\$27,306,536.23</u>

C. Bonds and Notes Authorized but not Issued

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

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
General Capital Fund	\$1,850,221.00	\$2,682,193.00

NOTE 5. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 6. FUND BALANCES APPROPRIATED

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

For the year ended December 31, 2012,

Current Fund	\$495,000.00
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For the year ended December 31, 2011,

Current Fund	\$372,000.00
Other Trust Fund	51,282.02

NOTE 7. FIXED ASSETS

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Land and Buildings	\$1,875,999.00	\$105,000.00		\$1,980,999.00
Machinery and Equipment	2,938,354.00	161,545.00	\$5,000.00	3,094,899.00
	<u>\$4,814,353.00</u>	<u>\$266,545.00</u>	<u>\$5,000.00</u>	<u>\$5,075,898.00</u>
	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Land and Buildings	\$1,836,606.00	\$39,393.00		\$1,875,999.00
Machinery and Equipment	2,943,664.00	15,690.00	\$21,000.00	2,938,354.00
	<u>\$4,780,270.00</u>	<u>\$55,083.00</u>	<u>\$21,000.00</u>	<u>\$4,814,353.00</u>

NOTE 8. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2011 and 2010 were \$29,151.62 and \$27,591.65, respectively.

NOTE 9. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

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

NOTE 10. SCHOOL TAXES

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

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

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Balance of tax	\$3,240,582.19	\$3,238,323.67	\$2,195,100.00	\$1,866,780.00
Deferred	<u>1,585,121.97</u>	<u>1,585,121.97</u>	<u>900,471.63</u>	<u>900,471.63</u>
Tax Payable	<u>\$1,655,460.22</u>	<u>\$1,653,201.70</u>	<u>\$1,294,628.37</u>	<u>\$966,308.37</u>

NOTE 11. PENSION PLANS

Description of Systems

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

Funding Policy

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

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$106,141.00	2011	\$409,777.00
2010	92,393.00	2010	350,464.00
2009	47,577.00	2009	167,487.50

In 2011 and 2010 all contributions by the Borough were equal to the required contributions for each of the two years. In 2009, in accordance with P.L. 2009, c.19, the Borough opted to pay an amount that represented a 50% reduction of the normal and accrued liability amount of its required contribution to PERS and PFRS. In 2009 the amount of the required PERS and PFRS contribution payment deferred by the Borough was \$34,991.00 and \$154,768.50, respectively. The amount deferred is to be repaid with interest over a fifteen-year period beginning in April 2012. In addition, the Borough has the option of paying off the obligation at any time.

NOTE 11. PENSION PLANS (continued)

Defined Contribution Retirement Program

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

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

NOTE 12. INTERFUND BALANCES

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

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<u>Receivables</u>		
Federal and State Grant Fund	\$95,776.89	\$145,041.06
Open Space Trust Fund		245,000.00
	<u>\$95,776.89</u>	<u>\$390,041.06</u>
<u>Payables</u>		
Current Fund	\$95,776.89	\$145,041.06
General Capital Fund		245,000.00
	<u>\$95,776.89</u>	<u>\$390,041.06</u>

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Monmouth Municipal Joint Insurance Fund (the “Fund”). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen’s compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Program Joint Insurance Fund which has a contract for excess liability insurance for property. There were no settlements in excess of insurance coverage in the past three years.

NOTE 14. ACCRUED UNPAID SICK PAY BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2011 and 2010 were \$84,555.00 and \$111,200.00, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM

The Borough has established a Length of Service Award Program to reward the members of the Borough's volunteer fire department, volunteer fire police and volunteer first aid squad for their loyal diligent and devoted service to the residents of the Borough. The Length of Service Award Program has been established under the laws of the State of New Jersey with the intent that it meets requirements under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall not exceed \$1,150.00 annually.

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

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active 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).

NOTE 16. DEFERRED COMPENSATION

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

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

NOTE 17. POSTEMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 11, the Borough provides postemployment retirement health and dental coverage for employees who meet certain service requirements. Benefits consist of full medical and dental coverage and costs are reported as they are paid.

Plan Description

The Borough has a single-employer defined benefit healthcare plan with Horizon Blue Cross and Blue Shield of New Jersey (the "Fund"). The Borough provides medical, prescription and dental benefits to retirees and their spouses that meet certain eligibility requirements.

Funding Policy

The Borough's funding policy is to pay as you go.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post employment benefits ("OPEB") cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following summarizes the Borough's annual OPEB cost for the year, the amount actually contributed, and changes in the Borough's net OPEB obligation:

January 1, 2011 Net OPEB Obligation	\$1,184,000.00
Plus: Annual OPEB Cost	<u>817,000.00</u>
	2,001,000.00
Less: Borough contributions	<u>(239,000.00)</u>
December 31, 2011 Net OPEB Obligation	<u><u>\$1,762,000.00</u></u> *

* In accordance with accounting principles and practices prescribed by the Division, the net OPEB obligation amount is not reported as an expenditure or liability in the accompanying financial statements.

Funding Status and Funding Progress

The funded status of the Fund was as follows:

Actuarial accrued liability**	\$8,608,000.00
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u><u>\$8,608,000.00</u></u>
Funded ratio	0%

** represents accrued liability at December 31, 2009; In accordance with GASB Statement 45, the accrued liability is to be actuarially recalculated at least triennially.

NOTE 17. POSTEMPLOYMENT RETIREMENT BENEFITS (continued)

Funding Status and Funding Progress (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation utilized the projected unit credit cost method. The actuarial assumptions included an initial annual medical cost trend rate of 9.50%, reduced by decrements to an ultimate rate of 5.00% in 2021. The trend rate for dental benefits is 5.00%. The amortization cost for the unfunded actuarial accrued liability is on a straight line basis, for a period of thirty years.

NOTE 18. COMMITMENTS AND CONTINGENCIES

Grant Financial Assistance

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

Legal Proceedings

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact 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 repayment of its bonds or other obligations.

NOTE 19. SUBSEQUENT EVENTS

In July 2012 the Borough adopted an ordinance authorizing the issuance of bonds and notes of \$222,000.00 for various capital improvements and related expenses.

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

A-4

CURRENT FUND
SCHEDULE OF CASH
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$3,987,233.30
Increased by Receipts:			
State of New Jersey (P.L. 1971, C. 20)	A-9	\$75,201.37	
Taxes Receivable	A-5	21,131,871.44	
Revenue Accounts Receivable	A-7	1,062,412.01	
Interfunds		164,424.09	
Non-Budget Revenues	A-2	202,166.25	
Prepaid Taxes	A-13	117,702.86	
Tax Overpayments	A-14	51,751.01	
Various Reserves	A-18	99,725.79	
Sewer Liens		<u>5,469.20</u>	
			<u>22,910,724.02</u>
			26,897,957.32
Decreased by Disbursements:			
Budget Appropriations	A-3	6,235,673.71	
Appropriation Reserves	A-10	225,824.93	
Tax Overpayments	A-14	51,717.02	
County Taxes Payable	A-15	3,500,658.79	
Local School District Tax	A-16	7,986,547.23	
Regional High School Tax	A-17	4,061,794.25	
Various Reserves	A-18	117,722.38	
Local Municipal Open Space Taxes		210,344.60	
Interfunds		215,593.26	
Sewer Liens		<u>5,469.20</u>	
			<u>22,611,345.37</u>
Balance, December 31, 2011	A		<u><u>\$4,286,611.95</u></u>

**BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

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

Year	Balance	2011 Levy	Collections by Cash		Transferred to Tax Title Liens	Senior Citizens and Veterans Deductions	Overpayments Applied	Canceled, Remitted or Abated	Balance
	Dec. 31, 2010		2010	2011					Dec. 31, 2011
2009	\$2,725.14			\$2,725.14					
2010	254,773.26			249,161.15					\$5,612.11
	257,498.40			251,886.29					5,612.11
2011		\$21,465,588.34	\$266,125.77	20,879,985.15	\$4,182.00	\$74,367.13	\$7,753.30	\$37,905.22	195,269.77
	<u>\$257,498.40</u>	<u>\$21,465,588.34</u>	<u>\$266,125.77</u>	<u>\$21,131,871.44</u>	<u>\$4,182.00</u>	<u>\$74,367.13</u>	<u>\$7,753.30</u>	<u>\$37,905.22</u>	<u>\$200,881.88</u>
Ref.	A		A-13	A-4	A-6	A-9	A-14		A

Analysis of 2011 Property Tax Levy

Tax Yield:

General Purpose Tax	\$21,397,118.73
Added Taxes (54:4-63.1 Et Seq.)	67,665.10
Omitted Taxes (54:4-63.12 Et Seq.)	804.51
	<u>\$21,465,588.34</u>

Tax Levy:

	Ref.		
Regional High School Tax	A-17	\$4,390,114.25	
Local School District Tax	A-16	7,988,805.75	
County Taxes:			
County Tax	A-15	\$3,065,700.66	
County Library Tax	A-15	174,838.20	
County Health Tax	A-15	59,109.67	
County Open Space Tax	A-15	184,219.39	
Due County for Added and Omitted Taxes	A-15	<u>11,166.95</u>	
Total County Taxes			3,495,034.87
Local Municipal Open Space Tax		209,672.89	
Due Municipal Open Space Tax for Added and Omitted Taxes		<u>671.71</u>	
Total Local Municipal Open Space Taxes			210,344.60
Local Tax for Municipal Purposes	A-2	5,321,613.00	
Add: Additional Tax Levied		<u>59,675.87</u>	
Local Tax for Municipal Purposes Levied			<u>5,381,288.87</u>
			<u>\$21,465,588.34</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$18,108.01
Increased by:		
Transfers from Taxes Receivable	A-5	<u>4,182.00</u>
Balance, December 31, 2011	A	<u><u>\$22,290.01</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>Accrued in 2011</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>
Alcoholic Beverage Licenses	A-2		\$815.00	\$815.00	
Other Licenses	A-2		3,893.00	3,893.00	
Fees and Permits	A-2		9,083.37	9,083.37	
Municipal Court Fines and Costs	A-2	\$4,886.31	107,726.07	100,113.29	\$12,499.09
Interest and Costs on Taxes	A-2		59,699.49	59,699.49	
Interest on Investments and Deposits	A-2		5,815.62	5,815.62	
Consolidated Municipal Property Tax Relief Aid	A-2		24,461.00	24,461.00	
Energy Receipts Tax	A-2		518,387.00	518,387.00	
Uniform Construction Code Fees	A-2		81,110.00	81,110.00	
Municipal Court - Sea Bright	A-2		78,040.08	78,040.08	
NJSEA - Payment for Environmental Infrastructure Trust Fees	A-2		75,077.50	75,077.50	
Senior Citizen Housing - In Lieu of Taxes	A-2		54,634.64	54,634.64	
Other Trust Fund Surplus	A-2		51,282.02	51,282.02	
		<u>\$4,886.31</u>	<u>\$1,070,024.79</u>	<u>\$1,062,412.01</u>	<u>\$12,499.09</u>
	<u>Ref.</u>	A		A-4	A

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION
December 31, 2011 and 2010

	<u>Ref.</u>	
Balance, December 31, 2011 and 2010	A	<u>\$3,300.00</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY (P.L. 1971, C.20)
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$201.99
Increased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$6,250.00	
Veterans		68,500.00	
Deductions Allowed by Collector		<u>500.00</u>	
	A-5		<u>75,250.00</u>
			75,451.99
Decreased by:			
Deductions Disallowed by Collector	A-5	882.87	
Received from State of New Jersey	A-4	<u>75,201.37</u>	
			<u>76,084.24</u>
Balance, December 31, 2011	A		<u><u>(\$632.25)</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance after Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Administrative and Executive					
Salaries and Wages	\$66.87		\$66.87		\$66.87
Other Expenses	2,683.26	\$2,821.07	5,504.33	\$5,150.17	354.16
Financial Administration					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	10,484.31	57.50	3,041.81	2,215.81	826.00
Collection of Taxes					
Salaries and Wages	60.00		60.00		60.00
Other Expenses	833.50	109.90	943.40	109.90	833.50
Liquidation of Tax Title Liens					
Other Expenses	100.00		100.00		100.00
Tax Sale					
Other Expenses	111.80		111.80		111.80
Assessment of Taxes					
Salaries and Wages	1,270.00		270.00		270.00
Other Expenses	570.53	109.90	680.43	109.90	570.53
Legal Services and Costs					
Other Expenses	16,228.00	1,087.50	9,815.50	4,543.00	5,272.50
Engineering Services and Costs					
Other Expenses	8,365.85		3,365.85	552.50	2,813.35
Planning Board and Board of Adjustment					
Salaries and Wages	500.00	500.00	500.00	500.00	
Other Expenses	4,452.48	120.32	572.80	120.32	452.48
Planning Fees - Land Development					
Other Expenses	2,492.43	35,257.78	37,750.21	4,384.59	33,365.62
Environmental Commission					
Other Expenses	54.00		54.00		54.00

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>after Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Court					
Salaries and Wages	\$2,561.81		\$561.81		\$561.81
Other Expenses	1,676.60	\$372.62	2,049.22	\$344.14	1,705.08
Public Defender					
Salaries and Wages	1,000.00				
Police Department					
Salaries and Wages	35,223.00		20,223.00	12,137.27	8,085.73
Other Expenses	315.60	10,996.58	13,312.18	10,263.37	3,048.81
Other Expenses - Police Car	20.43		20.43		20.43
Emergency Management Services					
Other Expenses	155.73	530.00	685.73	558.28	127.45
First Aid Organization - Contribution	59.50	503.29	562.79	503.29	59.50
Fire					
Miscellaneous		16,067.60	16,067.60	15,067.60	1,000.00
Fire Hydrant Service	3,134.04	4,988.83	8,122.87	4,988.83	3,134.04
Municipal Prosecutor					
Salaries and Wages	1,110.00		110.00		110.00
Road Repairs and Maintenance					
Salaries and Wages	4,282.23		4,282.23	3,044.89	1,237.34
Other Expenses	23,684.72	8,125.29	104,810.01	71,180.06	33,629.95
Public Buildings and Grounds					
Other Expenses	2,546.39	4,724.30	7,270.69	4,709.30	2,561.39
Shade Tree					
Other Expenses	750.00	800.00	1,050.00	800.00	250.00
Recycling					
Other Expenses	682.87		682.87		682.87

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>after Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Board of Health					
Salaries and Wages	\$4.00		\$4.00		\$4.00
Other Expenses	500.00				
Bloodborne Pathogens					
Other Expenses	500.00				
Recreation and Education					
Salaries and Wages	491.53		491.53		491.53
Other Expenses	2,275.20	\$332.55	2,607.75	\$332.55	2,275.20
Insurance					
General Liability	1,359.57		359.57		359.57
Worker Compensation	0.60		0.60		0.60
Employee Group Health	3,674.12	110.00	784.12	\$110.00	674.12
Dental	207.45		207.45		207.45
Expenses in Participation in Free County Library					
Salaries and Wages	18.00		18.00		18.00
Other Expenses	53.40		53.40		53.40
Transportation of High School Students					
Other Expenses		4,497.65	4,497.65	3,522.56	975.09
Salary Adjustment Account					
Salaries and Wages	9,000.00				
Celebration of Public Events					
Other Expenses	359.55	54.00	413.55	154.00	259.55
State Uniform Construction Code					
Salaries and Wages	133.29		133.29		133.29
Other Expenses	784.33	572.00	1,356.33	1,350.88	5.45

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance Dec. 31, 2010</u>	<u>Reserve for Encumbrances</u>	<u>Balance after Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Code Enforcement					
Salaries and Wages	\$5.52		\$5.52		\$5.52
Other Expenses	1,250.00		250.00	\$250.00	
Utility Expenses and Bulk Purchases					
Street Lighting	7,178.39		7,178.39	1,564.41	5,613.98
Gasoline	16,500.00	\$3,648.36	20,148.36	7,872.44	12,275.92
Electricity	7,136.64		7,136.64	4,165.59	2,971.05
Telephone	3,332.49		3,332.49		3,332.49
Water and Sewer	2,709.71		2,709.71	454.82	2,254.89
Natural Gas	11,625.73		11,625.73	7,264.46	4,361.27
Landfill/Solid Waste Disposal Costs					
Tipping Fees	1,412.39		1,412.39		1,412.39
Social Security System (O.A.S.I.)	17,636.77		2,636.77		2,636.77
Defined Contribution Retirement Program	1,000.00		1,000.00		1,000.00
Monmouth County 911 Program	1,756.75		1,756.75		1,756.75
LOSAP		70,000.00	70,000.00	57,500.00	12,500.00
	<u>\$216,481.38</u>	<u>\$166,387.04</u>	<u>\$382,868.42</u>	<u>\$225,824.93</u>	<u>\$157,043.49</u>
<u>Ref.</u>	A	A-11		A-4	A-1

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$166,387.04
Increased by:		
Current Appropriations Charged	A-3	<u>129,925.74</u>
		296,312.78
Decreased by:		
Transferred to Appropriation Reserves	A-10	<u>166,387.04</u>
Balance, December 31, 2011	A	<u><u>\$129,925.74</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
December 31, 2011 and 2010

	<u>Ref.</u>	
Balance, December 31, 2011 and 2010	A	<u><u>\$5,473.99</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF PREPAID TAXES
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$266,125.77
Increased by:		
Collection of 2012 Taxes	A-4	<u>117,702.86</u>
		383,828.63
Decreased by:		
Applied to Taxes Receivable	A-5	<u>266,125.77</u>
Balance, December 31, 2011	A	<u><u>\$117,702.86</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
Year Ended December 31, 2011

Balance, December 31, 2010	<u>Ref.</u> A		\$29,193.42
Increased by:			
Receipts	A-4		<u>51,751.01</u>
			80,944.43
Decreased by:			
Disbursements	A-4	\$51,717.02	
Applied to Taxes Receivable	A-5	<u>7,753.30</u>	
			<u>59,470.32</u>
Balance, December 31, 2011	A		<u><u>\$21,474.11</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>		
Balance, December 31, 2010	A		\$16,790.87
Increased by:			
County Tax	A-5	\$3,065,700.66	
County Library Tax	A-5	174,838.20	
County Health Tax	A-5	59,109.67	
County Open Space Tax	A-5	184,219.39	
Due County for Added and Omitted Taxes	A-5	<u>11,166.95</u>	
	A-1		<u>3,495,034.87</u>
			<u>3,511,825.74</u>
Decreased by:			
Payments	A-4		<u>3,500,658.79</u>
Balance, December 31, 2011	A		<u><u>\$11,166.95</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$1,653,201.70	
School Tax Deferred		<u>1,585,121.97</u>	\$3,238,323.67
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-5		<u>7,988,805.75</u>
			<u>11,227,129.42</u>
Decreased by:			
Payments	A-4		<u>7,986,547.23</u>
Balance, December 31, 2011:			
School Tax Payable	A	1,655,460.22	
School Tax Deferred		<u>1,585,121.97</u>	<u>\$3,240,582.19</u>
 <u>2011 Liability for Local District School Tax:</u>			
Tax Paid	A-16		\$7,986,547.23
School Tax Payable, December 31, 2011	A-16		<u>1,655,460.22</u>
			9,642,007.45
Less: School Tax Payable, December 31, 2010	A-16		<u>1,653,201.70</u>
Amount Charged to 2011 Operations	A-1		<u>\$7,988,805.75</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010:			
School Tax Payable	A	\$966,308.37	
School Tax Deferred		<u>900,471.63</u>	\$1,866,780.00
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012	A-5		<u>4,390,114.25</u>
			<u>6,256,894.25</u>
Decreased by:			
Payments	A-4		<u>4,061,794.25</u>
Balance, December 31, 2011:			
School Tax Payable	A	1,294,628.37	
School Tax Deferred		<u>900,471.63</u>	<u>\$2,195,100.00</u>
 <u>2011 Liability for Regional High School Tax:</u>			
Tax Paid	A-17		\$4,061,794.25
School Tax Payable, December 31, 2011	A-17		<u>1,294,628.37</u>
			5,356,422.62
Less: School Tax Payable, December 31, 2010	A-17		<u>966,308.37</u>
Amount Charged to 2011 Operations	A-1		<u>\$4,390,114.25</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased by</u> <u>Cash Receipts</u>	<u>Decreased by</u> <u>Cash Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Reserve for:				
Maintenance of Free Public Library	\$1,376.80			\$1,376.80
Outside Liens	19,011.69	\$93,502.77	\$110,887.46	1,627.00
Prepaid Revenue - NJSEA Environmental Infrastructure Trust Fees	18,769.39	0.02		18,769.41
Due to State of New Jersey:				
Training Fees	10,807.24	5,620.00	6,181.92	10,245.32
Marriage License Fees	250.00	603.00	653.00	200.00
	<u>\$50,215.12</u>	<u>\$99,725.79</u>	<u>\$117,722.38</u>	<u>\$32,218.53</u>
<u>Ref.</u>	A	A-4	A-4	A

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUNDS PAYABLE
December 31, 2011 and 2010

Due To:	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>Federal and State Grant Fund</u>	A	<u>\$95,776.89</u>	<u>\$145,041.06</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
Year Ended December 31, 2011

Balance, December 31, 2010	<u>Ref.</u> A		\$145,041.06
Increased by:			
Deposited in Other Funds:			
Grants Receivable	A-21	\$117,224.09	
2011 Budget Appropriations	A-3,A-22	<u>48,848.70</u>	
			<u>166,072.79</u>
			311,113.85
Decreased by:			
Disbursed by Other Funds:			
Appropriated Reserves	A-22	168,393.26	
Anticipated Revenue	A-21	<u>46,943.70</u>	
			<u>215,336.96</u>
Balance, December 31, 2011	A		<u><u>\$95,776.89</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Grant</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Anticipated Revenue</u>	<u>Cash Received</u>	<u>Transferred from Grants Unappropriated Reserves</u>	<u>Balance Dec. 31, 2011</u>
State Homeland Security Grant Program		\$20,000.00				\$20,000.00
Drunk Driving Enforcement Fund		950.00				950.00
Clean Communities Program	A-2		\$10,562.41	\$10,562.41		
Alcohol Education and Rehabilitation Fund	A-2		107.87	107.87		
NJ Board of Public Utilities Clean Energy Program		10,603.00		10,603.00		
Secure Our Schools Grant		72,954.00		72,162.00		792.00
Oceanport Drug Awareness	A-2		2,939.80	2,939.80		
Energy Efficiency and Conservation Block Grant	A-2		19,156.11	19,156.11		
N.J. State Police - Emergency Management						
Exercise Improvement	A-2		12,484.61		\$12,484.61	
Body Armor Fund	A-2		1,692.90	1,692.90		
		<u>\$104,507.00</u>	<u>\$46,943.70</u>	<u>\$117,224.09</u>	<u>\$12,484.61</u>	<u>\$21,742.00</u>
<u>Ref.</u>		A	A-20	A-20	A-23	A

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>2011 Budget Appropriations</u>	<u>Expended</u>	<u>Balance Dec. 31, 2011</u>
Body Armor Fund	\$2,522.29	\$1,692.90	\$1,882.50	\$2,332.69
Drunk Driving Enforcement Fund	5,314.96		1,407.40	3,907.56
Clean Communities Program	29,561.73	10,562.41	7,833.75	32,290.39
Secure Our Schools Grant	145,908.00		145,116.00	792.00
NJ Board of Public Utilities Clean Energy Program	10,603.00		10,603.00	0.00
Municipal Alcohol Education and Rehabilitation Fund	1,852.99	107.87	1,211.46	749.40
Municipal Alliance Grant - Local Match	1,096.00	1,905.00		3,001.00
Cooperative Marketing Grant - Breeder's Cup	3,291.52			3,291.52
State Homeland Security Grant Program	20,000.00			20,000.00
N.J. State Police - Emergency Management				
Exercise Improvement	39.72	12,484.61		12,524.33
NJDCA - SHARE Grant	15,500.00			15,500.00
Comcast Technology Grant	518.24		339.15	179.09
Oceanport Drug Awareness		2,939.80		2,939.80
Energy Efficiency and Conservation Block Grant		19,156.11		19,156.11
U.S. Department of Homeland Security	855.00			855.00
	<u>\$237,063.45</u>	<u>\$48,848.70</u>	<u>\$168,393.26</u>	<u>\$117,518.89</u>
<u>Ref.</u>	A	A-3,A-20	A-20	A

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

<u>Grant</u>	<u>Balance Dec. 31, 2010</u>	<u>Transferred to Grants Receivable</u>	<u>Balance Dec. 31, 2011</u>
NJ State Police - Office of Emergency Management	\$12,484.61	\$12,484.61	\$0.00
<u>Ref.</u>	A	A-21	A

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH
Year Ended December 31, 2011

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Open Space Fund</u>
Balance, December 31, 2010	B	\$5,346.80	\$462,348.37	\$271,392.08
Increased by Receipts:				
Reserve for Animal Control				
Fund Expenditures	B-3	\$7,311.60		
Due from Current Fund	B-6			\$210,344.60
Various Reserves	B-7		\$367,724.39	
Due to State of New Jersey	B-4	989.40		
Due from General Capital Fund				245,000.00
Reserve for Open Space	B-5			234,421.93
		8,301.00	367,724.39	689,766.53
		13,647.80	830,072.76	961,158.61
Decreased by Disbursements:				
Due to State of New Jersey	B-4	989.40		
Animal Control Fund				
Expenditures (R.S. 4:19-15.11)	B-3	7,467.50		
Various Reserves	B-7		284,945.58	
Due to Current Fund	B-6			210,344.60
Other Trust Fund Surplus to				
Current Fund	B-1		51,282.02	
Reserve for Open Space	B-5			159,182.80
		8,456.90	336,227.60	369,527.40
Balance, December 31, 2011	B	\$5,190.90	\$493,845.16	\$591,631.21

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$5,346.80
Increased by:		
Dog License Fees Collected	B-2	<u>7,311.60</u>
		12,658.40
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-2	<u>7,467.50</u>
Balance, December 31, 2011	B	<u><u>\$5,190.90</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2010	\$4,656.20
2009	<u>4,584.20</u>
	<u><u>\$9,240.40</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010		\$0.00
Increased by:		
Receipts	B-2	989.40
		<u>989.40</u>
Decreased by:		
Disbursed	B-2	989.40
		<u>989.40</u>
Balance, December 31, 2011		<u><u>\$0.00</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	B	\$516,392.08
Increased by:		
Open Space Tax Levy		\$209,672.89
Open Space Added and Omitted Levy		671.71
Interest Earned		602.33
Recreational and Other Fees		<u>23,475.00</u>
	B-2	<u>234,421.93</u>
		750,814.01
Decreased by:		
Cash Disbursed	B-2	<u>159,182.80</u>
Balance, December 31, 2011	B	<u><u>\$591,631.21</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF INTERFUND - OPEN SPACE FUND
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010		\$0.00
Increased by:		
Due from Current Fund for Local Municipal Open Space Taxes	B-2	<u>210,344.60</u> 210,344.60
Decreased by:		
Cash Receipts	B-2	<u>210,344.60</u>
Balance, December 31, 2011		<u><u>\$0.00</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF VARIOUS RESERVES - OTHER TRUST FUND
Year Ended December 31, 2011

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Reserve for:</u>				
Recreation	\$11,680.91	\$23,878.00	\$25,789.84	\$9,769.07
Fireworks	4,559.78	19,555.68	16,304.68	7,810.78
Water Watch	4,315.94		1,395.05	2,920.89
Shade Tree	1,721.88	1.43	1,601.43	121.88
Law Enforcement	190.57	0.17		190.74
Historical Society	898.32			898.32
Old Wharf Senior Center	3,254.74	7,500.00	3,035.60	7,719.14
Parking Offense Adjudication Act	1,303.52	15.00	702.31	616.21
Wedding Trust	910.00			910.00
Unemployment Trust	27,591.65	13,880.38	12,320.41	29,151.62
Outside Off-Duty Police Employment	19,884.34	145,421.58	150,386.04	14,919.88
Snow Removal	3,705.00			3,705.00
Developer's Escrow	205,621.01	81,473.97	51,606.25	235,488.73
Recycling	46,461.81	46,694.68	18,439.23	74,717.26
Public Defender	1,320.00	578.50	1,000.00	898.50
Community Center	1,345.15	1,425.00	2,364.74	405.41
Firehouse Donations	368.25	100.00		468.25
Donations	1,170.00			1,170.00
Memorial Benches	1,834.59			1,834.59
Strawberry Fair	25,500.00			25,500.00
Tax Sale Premiums	46,300.00	27,200.00		73,500.00
Volunteer Emergency Services	168.83			168.83
Emergency Police Services Donations	597.21			597.21
Community Enhancement and Beautification	362.85			362.85
	<u>\$411,066.35</u>	<u>\$367,724.39</u>	<u>\$284,945.58</u>	<u>\$493,845.16</u>
<u>Ref.</u>	B	B-2	B-2	B

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$325,572.36
Increased by:			
Borough Contributions	B-9		<u>57,500.00</u>
			383,072.36
Decreased by:			
Change in Market Value	B-9	\$9,709.64	
Distributions	B-9	4,201.64	
Administrative Charges	B-9	<u>1,650.00</u>	
			<u>15,561.28</u>
Balance, December 31, 2011	B		<u><u>\$367,511.08</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010	B		\$325,572.36
Increased by:			
Borough Contributions	B-8		<u>57,500.00</u>
			383,072.36
Decreased by:			
Change in Market Value	B-8	\$9,709.64	
Distributions	B-8	4,201.64	
Administrative Charges	B-8	<u>1,650.00</u>	
			<u>15,561.28</u>
Balance, December 31, 2011	B		<u><u>\$367,511.08</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE - ASSESSMENT FUND
December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Quarterly Installments(*)</u>	<u>Due Dates</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Pledged to Loans</u>
866	Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	68	10/1/12-7/1/29	<u>\$23,149,779.00</u>	<u>\$23,149,779.00</u>
			<u>Ref.</u>	B	
			B-11		\$6,265,000.00
			B-12		16,884,779.00
					<u>\$23,149,779.00</u>

* All assessments receivable are due from the New Jersey Sports and Exposition Authority (the "NJSEA"). The amounts paid by the NJSEA will be used by the Borough of Oceanport to repay the above referenced loans.

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN - ASSESSMENT FUND
Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Loan Maturities		Interest Rate	Balance Dec. 31, 2011
			Outstanding Dec. 31, 2011	Date		
Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	12/02/09	\$6,265,000.00	08/01/13	\$255,000.00	5.00%	\$6,265,000.00
			08/01/14	265,000.00	5.00%	
			08/01/15	280,000.00	5.00%	
			08/01/16	295,000.00	5.00%	
			08/01/17	305,000.00	5.00%	
			08/01/18	325,000.00	5.00%	
			08/01/19	340,000.00	4.00%	
			08/01/20	350,000.00	4.00%	
			08/01/21	365,000.00	4.00%	
			08/01/22	380,000.00	3.50%	
			08/01/23	395,000.00	4.00%	
			08/01/24	410,000.00	4.00%	
			08/01/25	425,000.00	3.75%	
			08/01/26	440,000.00	4.00%	
			08/01/27	460,000.00	4.00%	
			08/01/28	480,000.00	4.00%	
			08/01/29	495,000.00	4.00%	
						<u>\$6,265,000.00</u>
					<u>Ref.</u>	B,B-10

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL
PROTECTION FUND LOAN - ASSESSMENT FUND
Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Loan Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	
			<u>Outstanding Dec. 31, 2011</u>	<u>Date</u>			<u>Amount</u>
Construction, Repair, Rehabilitation,	12/02/09	\$16,884,779.00		02/01/13	\$331,074.09	0.00%	\$16,884,779.00
Maintenance and Reconstruction of				08/01/13	662,148.19	0.00%	
Stormwater Basins at Monmouth				02/01/14	331,074.09	0.00%	
Park Racetrack				08/01/14	662,148.19	0.00%	
				02/01/15	331,074.09	0.00%	
				08/01/15	662,148.19	0.00%	
				02/01/16	331,074.09	0.00%	
				08/01/16	662,148.19	0.00%	
				02/01/17	331,074.09	0.00%	
				08/01/17	662,148.19	0.00%	
				02/01/18	331,074.09	0.00%	
				08/01/18	662,148.19	0.00%	
				02/01/19	331,074.09	0.00%	
				08/01/19	662,148.19	0.00%	
				02/01/20	331,074.09	0.00%	
				08/01/20	662,148.19	0.00%	
				02/01/21	331,074.09	0.00%	
				08/01/21	662,148.19	0.00%	

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF NEW JERSEY DEPARTMENT OF ENVIRONMENTAL
PROTECTION FUND LOAN - ASSESSMENT FUND
Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Loan Maturities		Interest Rate	Balance Dec. 31, 2011
			Outstanding Dec. 31, 2011 Date	Amount		
Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	12/02/09	\$16,884,779.00	02/01/22	\$331,074.09	0.00%	
			08/01/22	662,148.19	0.00%	
			02/01/23	331,074.09	0.00%	
			08/01/23	662,148.19	0.00%	
			02/01/24	331,074.09	0.00%	
			08/01/24	662,148.19	0.00%	
			02/01/25	331,074.09	0.00%	
			08/01/25	662,148.19	0.00%	
			02/01/26	331,074.09	0.00%	
			08/01/26	662,148.19	0.00%	
			02/01/27	331,074.09	0.00%	
			08/01/27	662,148.19	0.00%	
			02/01/28	331,074.09	0.00%	
			08/01/28	662,148.19	0.00%	
			02/01/29	331,074.09	0.00%	
			08/01/29	662,148.43	0.00%	
						<u>\$16,884,779.00</u>
					<u>Ref.</u>	<u>B,B-10</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010	C		\$270.48
Increased by Receipts:			
Grants Receivable	C-6	\$166,291.51	
Budget Appropriation:			
Capital Improvement Fund	C-12	25,000.00	
Premium on Serial Bonds Issued:			
Fund Balance	C-1	5,591.13	
Deferred Charges to Future			
Taxation Unfunded	C-5	87,972.00	
General Serial Bonds	C-11	<u>1,190,000.00</u>	
			<u>1,474,854.64</u>
			<u>1,475,125.12</u>
Decreased by Disbursements:			
Improvement Authorizations	C-10	602,645.82	
Due to Open Space Fund	C-7	<u>245,000.00</u>	
			<u>847,645.82</u>
Balance, December 31, 2011	C		<u><u>\$627,479.30</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance</u> <u>Dec. 31, 2011</u>
Fund Balance	\$9,521.79
Grants Receivable	(185,244.04)
Capital Improvement Fund	5,630.50
Reserve for Encumbrances	34,202.56
Accrued Interest on Bonds	3,478.24
Reserve for Payment of Bonds	6,801.49

Improvement Authorizations:

Ordinance Number	Improvement Description	
792	Various Improvements	5,212.24
810	Various Improvements	32,784.27
823/832	Various General Improvements	16,496.70
842	Various Improvements	66,540.29
863	Various Improvements	62,459.09
874	Roadway Repairs and Drainage Improvements	60,600.00
878	Improvements to Certain Borough Buildings	2,248.00
882	2010 Road and Sidewalk Improvement Program and Related Expenses	129,580.09
884	Various Security Improvements and Related Expenses	1,184.83
895	Various Capital Improvements and Related Expenses	375,983.25
		\$627,479.30

Ref.

C

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>		
Balance, December 31, 2010	C		\$4,156,757.23
Increased by:			
Improvement Costs Funded by:			
Serial Bonds Issued	C-5,C-15		<u>1,190,000.00</u>
			5,346,757.23
Decreased by:			
Budget Appropriation to Pay Bonds	C-11	\$404,000.00	
Bonds Paid by Open Space Fund	C-11	56,000.00	
Budget Appropriation to Pay Green Trust Loans	C-13	<u>21,162.09</u>	
			<u>481,162.09</u>
Balance, December 31, 2011	C		<u><u>\$4,865,595.14</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Transferred to Deferred Charges To Future Taxation - Funded	Funded by Premium on Sale of Bonds	Balance Dec. 31, 2011
General Improvements:						
863	Various Improvements	\$271,472.00		\$259,408.06	\$12,063.94	
882	2010 Road and Sidewalk Improvement Program and Related Expenses	370,500.00		354,035.35	16,464.65	
884	Various Security Improvements and Related Expenses	190,000.00		181,556.59	8,443.41	
895	Various Capital Improvements and Related Expenses		\$446,000.00	395,000.00	51,000.00	
Local Improvements:						
866	Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	1,850,221.00				\$1,850,221.00
		<u>\$2,682,193.00</u>	<u>\$446,000.00</u>	<u>\$1,190,000.00</u>	<u>\$87,972.00</u>	<u>\$1,850,221.00</u>
<u>Ref.</u>		C	C-10	C-4	C-2,C-15	C

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$151,535.55
Increased by:		
Grants Awarded	C-10	<u>200,000.00</u>
		351,535.55
Decreased by:		
Cash Receipts	C-2	<u>166,291.51</u>
Balance, December 31, 2011	C	<u><u>\$185,244.04</u></u>

Detail:

<u>Ordinance Number</u>	<u>Description</u>	
792	County of Monmouth - Old Wharf Park	\$11,000.00
810	N.J.D.O.T. Road Improvements - Crescent Place	1,366.41
823	County of Monmouth	4,000.00
842	N.J.D.O.T. Various Capital Improvements	27,731.97
863	N.J.D.O.T. Various Capital Improvements	56,502.33
882	N.J.D.O.T. Road and Sidewalk Improvement Program	34,643.33
895	N.J.D.O.T. Various Capital Improvements and Related Expenses	<u>50,000.00</u>
		<u><u>\$185,244.04</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF INTERFUND - OPEN SPACE FUND
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$245,000.00
Decreased by:		
Cash Disbursements	C-2	<u>245,000.00</u>
Balance, December 31, 2011	C	<u><u>\$0.00</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$102,723.10
Increased by:		
Charged to Improvement Authorizations	C-10	<u>34,202.56</u>
		136,925.66
Decreased by:		
Transferred to Improvement Authorizations	C-10	<u>102,723.10</u>
Balance, December 31, 2011	C	<u><u>\$34,202.56</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
December 31, 2011 and 2010

	<u>Ref.</u>	
Balance, December 31, 2011 and 2010	C	<u>\$3,478.24</u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Date	Balance			2011 Authorizations	Paid or Charged	Balance	
			Encumbered	December 31, 2010 Funded	Unfunded			December 31, 2011 Funded	Unfunded
General Improvements:									
792(1)	Fire Department Equipment	05/19/05		\$565.95				\$565.95	
792(2)	Police Department Equipment	05/19/05		4,011.05				4,011.05	
792(3)	Furniture for Administration	05/19/05		139.74				139.74	
792(6)	Improvements to Old Wharf Park	05/19/05	\$9,704.00	495.50			\$9,704.00	495.50	
810(3)	Road Improvements - Crescent	05/20/06		21,758.32				21,758.32	
810(6)	Public Works Heavy Duty Loader	05/20/06		3,439.09				3,439.09	
810(8)	Fuel Pumps	05/20/06		1,771.88				1,771.88	
810(9)	Leaf Compost Facility	05/20/06		5,814.98				5,814.98	
823/832(1)	Acquisition of Rescue Pumper	06/21-12/20/07		9,197.97				9,197.97	
823/832(3)	Acquisition of First Aid Ambulance	06/21-12/20/07		96.00				96.00	
823/832(4)	Street Signage	06/21-12/20/07		1,919.69				1,919.69	
823/832(6)	Old Wharf Park Improvements	06/21-12/20/07		227.79				227.79	
823/832(7)	Recycling Yard Fence	06/21-12/20/07		5,055.25				5,055.25	
842(1)	Road Program	05/01/08		57,301.50				57,301.50	
842(2)	Acquisition of Police Department Equipment	05/01/08		3,522.79				3,522.79	
842(3)	Acquisition of Department of Public Works Equipment	05/01/08		4,710.00				4,710.00	
842(4)	Various Improvements to the Municipal Building	05/01/08							
842(5)	Acquisition of Recording and PA System	05/01/08		1,006.00				1,006.00	
863(1)	Building Improvement and Tank Removal	05/07/09	500.00		\$154.25		500.00	154.25	
863(2)	2009 Road Program	05/07/09			77,619.38		15,314.54	62,304.84	
874	Roadway Repairs and Drainage Improvements	10/01/09		60,600.00				60,600.00	
878	Improvements to Certain Borough Buildings	01/21/10		2,248.00				2,248.00	
882	2010 Road and Sidewalk Improvement Program and Related Expenses	06/03/10	19,319.10		230,258.91		119,997.92	129,580.09	
884	Various Security Improvements and Related Expenses	09/02/10	73,200.00		126,800.00		198,815.17	1,184.83	
895	Various Capital Improvements and Related Expenses	05/05/11				\$668,500.00	292,516.75	375,983.25	

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

Ordinance Number	Improvement Description	Ordinance Date	Balance December 31, 2010			2011 Authorizations	Paid or Charged	Balance December 31, 2011	
			Encumbered	Funded	Unfunded			Funded	Unfunded
Local Improvements:									
866	Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	07/16/09		\$11,020,437.00	\$1,850,221.00		\$6,239,461.00	\$4,780,976.00	\$1,850,221.00
			<u>\$102,723.10</u>	<u>\$11,204,318.50</u>	<u>\$2,285,053.54</u>	<u>\$668,500.00</u>	<u>\$6,876,309.38</u>	<u>\$5,534,064.76</u>	<u>\$1,850,221.00</u>
		<u>Ref.</u>	C,C-8	C	C			C	C
Detail:									
	Deferred Charges to Future Taxation - Unfunded	C-5,C-15				\$446,000.00			
	Grants Receivable	C-6				200,000.00			
	Capital Improvement Fund	C-12				22,500.00			
						<u>\$668,500.00</u>			
						<u>Ref.</u>			
	Disbursed					C-2	\$602,645.82		
	Due from New Jersey Environmental Infrastructure Financing Program					C-16	6,239,461.00		
	Encumbered					C,C-8	34,202.56		
							<u>\$6,876,309.38</u>		

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Outstanding	Interest Rate	December 31, 2011				
General Improvement Bonds	12/01/02	\$1,010,000.00	12/01/12	\$59,000.00	5.00%	\$621,000.00		\$56,000.00	\$565,000.00
			12/01/13	62,000.00	5.00%				
			12/01/14	65,000.00	5.00%				
			12/01/15	69,000.00	5.00%				
			12/01/16	72,000.00	5.00%				
			12/01/17	76,000.00	5.00%				
			12/01/18	79,000.00	5.00%				
			12/01/19	83,000.00	5.00%				
General Improvement Bonds	09/01/05	2,849,000.00	09/01/12	200,000.00	3.625%	1,850,000.00		200,000.00	1,650,000.00
			09/01/13	200,000.00	3.625%				
			09/01/14	200,000.00	3.625%				
			09/01/15	200,000.00	3.625%				
			09/01/16	205,000.00	3.625%				
			09/01/17	210,000.00	3.75%				
			09/01/18	215,000.00	3.75%				
			09/01/19	220,000.00	3.75%				
General Improvement Bonds	12/13/07	803,000.00	12/01/12	89,000.00	5.00%	575,000.00		84,000.00	491,000.00
			12/01/13	93,000.00	5.00%				
			12/01/14	98,000.00	5.00%				
			12/01/15	103,000.00	5.00%				
			12/01/16	108,000.00	5.00%				
General Improvement Bonds	12/04/08	1,043,000.00	12/01/12	124,000.00	5.00%	815,000.00		120,000.00	695,000.00
			12/01/13	131,000.00	5.00%				
			12/01/14	138,000.00	5.00%				
			12/01/15	145,000.00	5.00%				
			12/01/16	77,000.00	4.00%				
			12/01/17	80,000.00	4.00%				

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Outstanding	December 31, 2011					
General Improvement Bonds	01/24/11	\$795,000.00	01/15/12	\$65,000.00	2.00%		\$795,000.00		\$795,000.00
			01/15/13	70,000.00	3.00%				
			01/15/14	70,000.00	3.00%				
			01/15/15	75,000.00	2.50%				
			01/15/16	75,000.00	2.75%				
			01/15/17	80,000.00	5.00%				
			01/15/18	85,000.00	5.00%				
			01/15/19	90,000.00	5.00%				
			01/15/20	90,000.00	5.00%				
			01/15/21	95,000.00	5.00%				
General Improvement Bonds	12/29/11	395,000.00	12/01/12	40,000.00	2.00%		395,000.00		395,000.00
			12/01/13	40,000.00	4.00%				
			12/01/14	40,000.00	4.00%				
			12/01/15	40,000.00	5.00%				
			12/01/16	45,000.00	5.00%				
			12/01/17	45,000.00	5.00%				
			12/01/18	45,000.00	5.00%				
			12/01/19	50,000.00	5.00%				
			12/01/20	50,000.00	5.00%				
					<u>Ref.</u>	C	C-2		C
Paid by Budget Appropriation					C-4			\$404,000.00	
Paid by Open Space Fund Appropriation					C-4			56,000.00	
								<u>\$460,000.00</u>	

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$3,130.50
Increased by:		
Budget Appropriation	C-2	<u>25,000.00</u>
		28,130.50
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	<u>22,500.00</u>
Balance, December 31, 2011	C	<u><u>\$5,630.50</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOANS PAYABLE
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$295,757.23
Decreased by:		
Paid by Budget Appropriation	C-4	<u>21,162.09</u>
Balance, December 31, 2011	C	<u><u>\$274,595.14</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PAYMENT OF BONDS
December 31, 2011 and 2010

	<u>Ref.</u>	
Balance, December 31, 2011 and 2010	C	<u><u>\$6,801.49</u></u>

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Bonds Issued	Funded by Premium on Sale of Bonds	Balance Dec. 31, 2011
General Improvements:						
863	Various Improvements	\$271,472.00		\$259,408.06	\$12,063.94	
882	2010 Road and Sidewalk Improvement Program and Related Expenses	370,500.00		354,035.35	16,464.65	
884	Various Security Improvements and Related Expenses	190,000.00		181,556.59	8,443.41	
895	Various Capital Improvements and Related Expenses		\$446,000.00	395,000.00	51,000.00	
Local Improvements:						
866	Construction, Repair, Rehabilitation, Maintenance and Reconstruction of Stormwater Basins at Monmouth Park Racetrack	1,850,221.00				\$1,850,221.00
		<u>\$2,682,193.00</u>	<u>\$446,000.00</u>	<u>\$1,190,000.00</u>	<u>\$87,972.00</u>	<u>\$1,850,221.00</u>
	Ref.	(Footnote C)	C-10	C-4	C-5	(Footnote C)

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE FINANCING PROGRAM
Year Ended December 31, 2011

	<u>Ref.</u>	
Balance, December 31, 2010	C	\$11,020,437.00
Decreased by:		
Improvement Authorizations	C-10	<u>6,239,461.00</u>
Balance, December 31, 2011	C	<u><u>\$4,780,976.00</u></u>

(1)

(1) Represents amount of potential reimbursements receivable relative to the stormwater basins improvement project at Monmouth Park Racetrack.

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Fixed Assets:				
Land and Buildings	\$1,875,999.00	\$105,000.00		\$1,980,999.00
Machinery and Equipment	2,938,354.00	161,545.00	\$5,000.00	3,094,899.00
	<u>\$4,814,353.00</u>	<u>\$266,545.00</u>	<u>\$5,000.00</u>	<u>\$5,075,898.00</u>
<u>Ref.</u>	D			D

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2011

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

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

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

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

2011 Road Program
LED Display Sign
Maria Gatta Community Park Walking Trail

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 1, 2011 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes:

BE IT RESOLVED that the Collector of Taxes is authorized to charge eight (8%) percent interest on delinquent taxes with a rate of 1/10th of one percent (1%) for the first ten (10) days after each quarterly due date and eight percent (8%) for the first \$1,500 and eighteen percent (18%) for amounts over the first \$1,500 of said delinquent taxes retroactive to the quarterly due date if paid after such ten (10) days.

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

Tax Title Liens

The last tax sale was held on October 7, 2011 and was complete.

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

2011	4
2010	4
2009	3

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2011	\$718,970.93	\$495,000.00
2010	472,516.57	372,000.00
2009	619,683.22	519,738.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Municipal	\$.508	\$.499	\$.360
Municipal Open Space	.020	.020	.020
Local School	.762	.764	.573
Regional School	.419	.357	.262
County	.332	.344	.255
Total Tax Rate	<u>\$2.041</u>	<u>\$1.984</u>	<u>\$1.470</u>

ASSESSED VALUATIONS

2011	\$1,048,364,465.00
2010	1,045,954,002.00
2009	1,356,186,206.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$21,465,588.34	\$21,228,231.35	98.89%
2010	20,848,566.34	20,551,194.35	98.57%
2009	20,052,563.86	19,698,005.59	98.23%

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>2011</u>	<u>2010</u>	<u>2009</u>
Tax Title Liens	\$22,290.01	\$18,108.01	\$12,671.60
Delinquent Taxes	<u>200,881.88</u>	<u>257,498.40</u>	<u>217,664.02</u>
Total Delinquent	<u>\$223,171.89</u>	<u>\$275,606.41</u>	<u>\$230,335.62</u>
% of Tax Levy	1.04%	1.32%	1.15%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$3,300.00
2010	3,300.00
2009	3,300.00

SUMMARY OF MUNICIPAL DEBT

<u>Issued</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Bonds and Notes	\$4,865,595.14	\$4,156,757.23	\$4,628,502.36
Assessment Bonds and Notes	<u>23,149,779.00</u>	<u>23,149,779.00</u>	<u>23,149,779.00</u>
	<u>28,015,374.14</u>	<u>27,306,536.23</u>	<u>27,778,281.36</u>
Less:			
Open Space Trust (40A:2-44h)	565,000.00	621,000.00	676,000.00
Funds on Hand to Pay Bonds and Notes			
Reserve for Repayment of Bonds	<u>6,801.49</u>	<u>6,801.49</u>	<u>6,801.49</u>
Total Deductions	<u>571,801.49</u>	<u>627,801.49</u>	<u>682,801.49</u>
Net Debt Issued	27,443,572.65	26,678,734.74	27,095,479.87
<u>Authorized but not Issued</u>			
General Bonds and Notes		831,972.00	271,472.00
Assessment Bonds and Notes	<u>1,850,221.00</u>	<u>1,850,221.00</u>	<u>1,850,221.00</u>
Total Authorized but not Issued	<u>1,850,221.00</u>	<u>2,682,193.00</u>	<u>2,121,693.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$29,293,793.65</u>	<u>\$29,360,927.74</u>	<u>\$29,217,172.87</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 2.371%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$5,340,772.00	\$5,340,772.00	
General Debt	<u>30,047,409.14</u>	<u>753,615.49</u>	<u>\$29,293,793.65</u>
	<u>\$35,388,181.14</u>	<u>\$6,094,387.49</u>	<u>\$29,293,793.65</u>

Net Debt \$29,293,793.65 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,235,600,102.00 equals 2.371%.

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

3½% of Equalized Valuation Basis	\$43,246,003.57
Net Debt	<u>29,293,793.65</u>
Remaining Borrowing Power	<u>\$13,952,209.92</u>

The Chief Financial Officer should file a revised 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>	<u>Amount of Bond *</u>
Michael J. Mahon	Mayor	
Gerald A. Bertekap	Councilman	
William Johnson	Councilman	
Joseph Irace	Councilman	
John W. Ibex	Councilman	
Ellynn Kahle	Councilwoman	
Richard Gallo	Councilman	
Kimberly A. Jungfer	Borough Clerk, Assessment Search Officer, Administrator	
Gregory Mayers	Chief Financial Officer	
Mary Jane Yorg	Tax Collector	
Richard Thompson	Judge of Municipal Court	
Carol Smith	Court Administrator	

*Borough employees are covered by a faithful performance and employee dishonesty bond in the amount of \$1,000,000.00 This insurance coverage is provided to the Borough through its participation in the Monmouth Municipal Joint Insurance Fund.

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

BOROUGH OF OCEANPORT
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. In addition, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.