BOROUGH OF SHIP BOTTOM

COUNTY OF OCEAN

REPORT OF AUDIT

FOR THE YEAR 2011

BOROUGH OF SHIP BOTTOM

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BOROUGH OF SHIP BOTTOM

PART I

REPORT OF EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

GROSS & COMPANY, LLC.

Certified Public Accountants
Registered Municipal Accountant
Public School Accountant

Michael P. Gross, CPA, RMA, PSA

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105 East 16th Street
Ship Bottom, NJ 08008

Independent Auditor's Report

Borough of Ship Bottom
Ship Bottom, NJ 08008

I have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Ship Bottom, New Jersey, as of December 31, 2011, the related statements of operations and changes in fund balance – regulatory basis for the year then ended, and the related statements of revenues – regulatory basis and statement of expenditures – regulatory basis of the current fund for the year ended December 31, 2011. These financial statements are the responsibility of the Borough of Ship Bottom's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the 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 I 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 of Ship Bottom's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the Borough of Ship Bottom prepares and presents its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In my opinion, because of the Borough of Ship Bottom's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds of the Borough of Ship Bottom as of December 31, 2011 or the results of its operations for the year then ended.

However, in my opinion, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Ship Bottom, New Jersey as of December 31, 2011, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the current fund for the year ended December 31, 2011 on a modified basis of accounting described in Note 1.

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

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MICHAEL P. GROSS
Certified Public Accountant (No. CC03520)
Registered Municipal Accountant (No. CR0139)

August 28, 2012

GROSS & COMPANY, LLC.

Certified Public Accountants
Registered Municipal Accountant
Public School Accountant

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Borough of Ship Bottom
Ship Bottom, New Jersey

I have audited the financial statements – regulatory basis of the Borough of Ship Bottom, New Jersey, as of and for the year ended December 31, 2011 and have issued my report thereon dated August 28, 2012. My report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the Borough of Ship Bottom prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. I conducted my 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

MICHAEL P. GROSS
Certified Public Accountant (No. CC025466)
Registered Municipal Accountant (No. 20CR000535)

August 28, 2012

CURRENT FUND
COMPARATIVE BALANCE SHEETS

Assets	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Cash	A-4	$ 2,140,704.47	$ 1,910,145.73
Change Fund		150.00	150.00
Investment - Bond & Note	C-11,D-19	1,255,458.43	1,263,158.43
		3,396,312.90	**3,173,454.16**
Receivables with Full Reserves:			
Taxes Receivable	A-6	255,017.18	271,480.45
Tax Title Liens Receivable	A-7	17,822.09	16,580.37
Property Acquired for Taxes - Assessed Value		20,010.00	20,010.00
Revenue Accounts Receivable	A-8	3,290.05	4,223.94
Due from State for Exemptions	A-12	868.47	572.13
Due from Dog License Fund	B	344.59	272.45
Due from Utility Capital Fund	D	41,996.61	41,996.61
Due from Utility Operating Fund	D	74,294.61	64,094.61
Due from Capital Fund	C	70,008.06	110,006.28
		483,651.66	**529,236.84**
Deferred Charges			
Emergency Authorization	A-3	-	-
		3,879,964.56	**3,702,691.00**
Federal & State Grant Fund:			
Due from Current Fund	A	235,099.54	216,497.25
Grants Receivable	A-15	321,522.89	533,850.84
		556,622.43	**750,348.09**
		$ 4,436,586.99	**$ 4,453,039.09**

CURRENT FUND
COMPARATIVE BALANCE SHEETS

Liabilities, Reserves and Fund Balance	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Liabilities:			
Encumbrances Payable	A-3	$ 27,248.01	$ 36,194.31
Appropriation Reserves	A-3 & A-9	648,029.97	644,250.23
Prepaid Taxes	A-10	250,858.93	255,402.23
Tax Overpayments	A-11	-	9,466.25
Local District School Tax Payable	A-13	145,392.05	142,466.64
Regional School Tax Payable	A-14	840,003.67	801,745.34
Due County for Added Tax	A-6	0.66	12,683.02
Reserve for Revaluation		16,235.25	16,235.25
Reserve CDBG 12th & 13th St. Walkways		10,366.54	10,366.54
Due Trust Other Fund	B	11,724.50	1,724.50
Due Federal & State Grant Fund	A	235,099.54	216,497.25
		2,184,959.12	**2,147,031.56**
Reserve for Receivables		483,651.66	529,236.84
Fund Balance	A-1	1,211,353.78	1,026,422.60
		3,879,964.56	**3,702,691.00**
Federal & State Grant Fund:			
Appropriated Reserves	A-16	556,622.43	743,333.21
Unappropriated Reserves	A-17	-	7,014.88
		556,622.43	**750,348.09**
		$ 4,436,586.99	**$ 4,453,039.09**

COMPARATIVE STATEMENT OF CURRENT FUND OPERATIONS AND CHANGE IN FUND BALANCE

Revenue & Other Income	Ref.	Year 2011	Year 2010
Fund Balance Utilized	A-2	$ 1,000,000.00	$ 1,009,000.00
Miscellaneous Revenue Anticipated	A-2	1,583,266.92	1,451,453.85
Receipts from Delinquent Taxes	A-2	254,701.58	302,011.38
Receipts from Current Taxes	A-2	10,770,357.53	10,417,951.46
Non-Budget Revenue	A-2	211,180.90	178,687.96
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	560,835.82	544,618.78
Reserve for Due from Capital Fund	A	39,998.22	-
Total Income		**14,420,340.97**	**13,903,723.43**
Expenditures			
Budget Appropriations:			
Operations:			
Salaries & Wages	A-3	2,474,520.00	2,425,000.00
Other Expenses	A-3	2,518,430.01	2,428,712.49
Municipal Debt Service	A-3	213,353.02	213,571.52
Capital Improvements	A-3	200,350.00	180,000.00
Deferred Charges & Statutory Expenditures	A-3	535,706.00	471,709.00
County Taxes	A-6	4,340,970.50	4,300,300.40
County Share of Added Taxes	A-6	12,263.31	12,683.02
Local District School Tax	A-13	506,124.40	500,273.57
Regional School Tax	A-14	2,415,395.83	2,338,363.41
Prior Period Adjustment	A-16	7,728.24	7,750.28
Reserve for Due from State for exemptions	A	296.34	572.13
Reserve for Due from Capital Fund	C	-	44,236.43
Reserve for Due from Utility Operating Fund	D	10,200.00	7,700.00
Reserve for Due from Dog Fund	B	72.14	272.45
Total Expenditures		**13,235,409.79**	**12,931,144.70**
Excess in Revenues		1,184,931.18	972,578.73
Adjustments to Income before Fund Balance:			
Expenditures included above which are by statute deferred charges to budget of succeeding year		-	-
Statutory Excess to Fund Balance		**1,184,931.18**	**972,578.73**
Fund Balance			
Balance January 1	A	1,026,422.60	1,062,843.87
		2,211,353.78	**2,035,422.60**
Decreased by:			
Utilized as Anticipated Revenue	A-2	1,000,000.00	1,009,000.00
Balance December 31	A	**$ 1,211,353.78**	**$ 1,026,422.60**

STATEMENT OF REVENUES- CURRENT FUND

	Ref.	Budget	Realized	Excess or Deficit(-)
Fund Balance Appropriated	A-1	$ 1,000,000.00	1,000,000.00	-
Miscellaneous Revenues:				
Liquor License	A-8	12,000.00	12,716.00	716.00
Other Licenses	A-8	20,000.00	21,455.00	1,455.00
Other Fees & Permits	A-8	50,000.00	60,535.00	10,535.00
Municipal Court Fines & Costs	A-8	95,000.00	120,042.79	25,042.79
Interest & Costs on Taxes	A-4	42,693.12	48,444.61	5,751.49
Beach Badge Fees	A-8	535,000.00	753,990.01	218,990.01
Energy Receipts Tax	A-8	247,442.00	247,442.00	-
Assessment Services-Interlocal	A-8	19,500.00	19,489.25	(10.75)
Uniform Construction Code Fees Dedicated	A-8	35,000.00	37,512.25	2,512.25
NJ Transportation Trust Fund Authority Act	A-15	170,350.00	170,350.00	-
CDBG Handicapped Beach Access & Acessibility	A-15	40,000.00	40,000.00	-
Alcohol Education & Rehabilitation Fund	A-15	1,757.27	1,757.27	-
Ocean County Cultural Heritage Commission	A-15	1,375.00	1,375.00	-
Ocean County Tourism Grant	A-15	1,150.00	1,150.00	-
Ocean County Emergency Management FY12 966 Reimb	A-15	7,547.50	7,547.50	-
NJ Body Armor Grant	A-15	2,804.60	2,804.60	-
Recycling Revenue & Residuary Disposition Grant - Ocean County	A-15	10,761.54	10,761.54	-
Recycling Tonnage Grant	A-15	6,078.49	6,078.49	-
Clean Communities Program	A-15	9,270.98	9,270.98	-
Drunk Driving Enforcement Fund	A-15	4,066.13	4,066.13	-
Cops in Shops	A-15	4,000.00	4,000.00	-
Recycling Enhancement Grant(County)	A-15	2,478.50	2,478.50	-
		1,318,275.13	1,583,266.92	264,991.79
Receipts from Delinquent Taxes	A-2	250,000.00	254,701.58	4,701.58
Property Tax for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	3,740,000.00	3,855,603.49	115,603.49
Total Budget		6,308,275.13	6,693,571.99	385,296.86
Non-Budgeted Revenue	A-1		211,180.90	211,180.90
		$ 6,308,275.13	6,904,752.89	596,477.76

STATEMENT OF REVENUES- CURRENT FUND (cont'd)

	Ref.		
Analysis of Realized Revenue			
Allocation of Current Tax Collection:			
Revenue from Collections	A-6		$ 10,770,357.53
Allocated to School & County Taxes	A-6		7,274,754.04
Balance for Support of Municipal Budget			3,495,603.49
Add: Appropriation Reserves for Uncollected Taxes	A-3		360,000.00
Balance for Support of Municipal Budget Appropriations	A-2		**$ 3,855,603.49**
Delinquent Taxes:			
Taxes Receivable	A-6		**$ 254,701.58**
Other Licenses:			
Vendor		$ 6,000.00	
Amusement		300.00	
Mercantile License		15,155.00	
	A-8		**$ 21,455.00**
Other Fees & Permits:			
Garage Sale Permits		340.00	
Beach Buggy Licenses		4,325.00	
Boat Ramp Fees		46,040.00	
Tax Search Fees		10.00	
Occupancy Permits		2,665.00	
Food Handler Permits		825.00	
Street Opening Permits		2,400.00	
Zoning Permits		2,350.00	
Other Permits		1,580.00	
	A-8		**$ 60,535.00**

STATEMENT OF REVENUES- CURRENT FUND (cont'd)

	Ref.		
Analysis of Non-Budget Revenue			
Revenue Accounts Receivable:			
Rental of Building		$ 27,821.12	
Interest on Investments & Savings		1,105.90	
	A-8		$ 28,927.02
Miscellaneous Revenues Not Anticipated:			
Tower Lease Revenue		$ 68,080.84	
Police Reports & Fees		1,180.00	
Planning Board Fees		11,250.00	
Senior Citizen & Vet Administration Fee		615.00	
Cable Franchise Fee		16,057.46	
Vital Statistics		5,146.00	
Bid Specs		1,275.00	
Recycling		8,086.20	
Storm Damage Reimbursement		24,670.79	
Refund Prior period Expense		7,021.59	
Sale of Municipal Assets		22,706.68	
Miscellaneous		4,942.03	
1.5% Health Benefits refunds		11,161.66	
Copies		43.52	
	A-4		182,236.77
Due from Dog Fund	B-2		0.38
Interest on Capital Fund	C-7		16.73
	A-2		$ 211,180.90

STATEMENT OF EXPENDITURES

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
General Government:						
Administrative & Executive						
Salaries & Wages	$ 40,000.00	-	40,000.00	34,820.85	5,179.15	
Other Expenses	40,000.00	-	39,950.00	27,914.47	12,035.53	
Financial Administration						
Salaries & Wages	96,000.00	-	96,000.00	95,999.84	0.16	
Other Expenses	20,000.00	-	20,000.00	12,802.72	7,197.28	
Assessment of Taxes						
Salaries & Wages	35,000.00	-	35,000.00	26,193.86	8,806.14	
Other Expenses	10,000.00	-	10,000.00	3,362.79	6,637.21	
Collection of Taxes						
Salaries & Wages	85,000.00	-	85,000.00	83,771.66	1,228.34	
Other Expenses	10,000.00	-	10,000.00	6,840.60	3,159.40	
Publicity						
Other Expenses	500.00	-	500.00	-	500.00	
Legal Services						
Other Expenses	25,000.00	-	25,000.00	10,243.18	14,756.82	
Human Resources (Personnel)						
Other Expenses	15,000.00	-	15,000.00	6,210.00	8,790.00	
Municipal Prosecutor						
Other Expenses	12,000.00	-	12,000.00	11,000.00	1,000.00	
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	1,000.00	-	1,000.00	-	1,000.00	
Engineering Services						
Other Expenses	22,000.00	-	22,000.00	13,625.74	8,374.26	
Public Buildings and Grounds						
Salaries & Wages	10,000.00	-	10,000.00	8,238.12	1,761.88	
Other Expenses	65,000.00	-	65,000.00	55,610.65	9,389.35	
Land Use Board						
Salaries & Wages	5,000.00	-	5,000.00	2,929.09	2,070.91	
Other Expenses	15,000.00	-	15,000.00	14,624.69	375.31	
Zoning Enforcement						
Salaries & Wages	26,000.00	-	26,000.00	23,821.62	2,178.38	
Audit Services						
Other Expenses	16,000.00	-	16,000.00	16,000.00	-	
Mayor & Council						
Salaries & Wages	36,000.00	-	36,050.00	36,000.24	49.76	

STATEMENT OF EXPENDITURES (cont'd)

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
Municipal Clerk						
Salaries & Wages	105,000.00	-	105,000.00	101,278.16	3,721.84	
Historical Preservation						
Other Expenses	500.00	-	500.00	28.98	471.02	
Long Beach Island Joint Environmental Commission						
Other Expenses	500.00	-	500.00	-	500.00	
Equipment Maintenance & Repair						
Salaries & Wages	105,000.00	-	105,000.00	76,627.06	28,372.94	
Other Expenses	30,000.00	-	30,000.00	22,988.31	7,011.69	
Accumulated Absence Liability	10,000.00	-	10,000.00	-	10,000.00	
Insurance (N.J.S.A. 40A:4-45.3[00])						
Workers Compensation	160,000.00	-	160,000.00	150,156.35	9,843.65	
Employee Group Health	606,900.00	-	598,090.00	594,392.82	3,697.18	
Health Benefits Waiver						
Salaries & Wages	54,000.00	-	58,010.00	58,009.52	0.48	
Other Insurance	100,000.00	-	97,500.00	89,604.50	7,895.50	
Public Safety:						
Aid to Volunteer Fire Companies	45,000.00	-	45,000.00	45,000.00	-	
First Aid Organization - Contribution	23,000.00	-	23,000.00	23,000.00	-	
Police Department						
Salaries & Wages	1,104,660.00	-	1,104,660.00	1,077,770.19	26,889.81	
Other Expenses	70,000.00	-	70,000.00	52,534.68	17,465.32	
Police Dispatch/911	55,000.00	-	55,000.00	55,000.00	-	
Office of Emergency Management						
Salaries & Wages	3,000.00	-	3,000.00	2,750.00	250.00	
Other Expenses	6,000.00	-	6,000.00	5,613.62	386.38	
Other Code Enforcement Functions						
Salaries & Wages	30,000.00	-	30,000.00	29,958.23	41.77	
Other Expenses	6,000.00	-	6,000.00	1,352.24	4,647.76	
Municipal Court						
Salaries & Wages	80,000.00	-	84,800.00	84,193.60	606.40	
Other Expenses	10,000.00	-	10,000.00	6,145.61	3,854.39	
Public Defender						
Other Expenses	3,500.00	-	3,500.00	3,500.00	-	

STATEMENT OF EXPENDITURES (cont'd)

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
Streets & Roads:						
Streets & Roads Maintenance						
Salaries & Wages	98,000.00	-	98,000.00	97,995.52	4.48	
Other Expenses	70,000.00	-	70,000.00	16,074.64	53,925.36	
Street Lighting	88,000.00	-	88,000.00	78,692.45	9,307.55	
Sanitation:						
Sanitary Landfill						
Other Expenses	195,000.00	-	195,000.00	189,166.68	5,833.32	
Solid Waste Collection						
Other Expenses	295,000.00	-	295,000.00	114,539.12	180,460.88	
Recycling						
Salaries & Wages	12,000.00	-	12,000.00	7,206.52	4,793.48	
Other Expenses	5,500.00	-	5,500.00	5,310.33	189.67	
Recycling Tax (N.J.S.A. 13:1E-96.5)	7,000.00	-	7,000.00	-	7,000.00	
Health & Welfare:						
Board of Health						
Other Expenses	45,000.00	-	45,000.00	40,898.00	4,102.00	
Animal Control Services						
Other Expenses	8,000.00	-	8,000.00	6,643.04	1,356.96	
Environmental Health Services						
Salaries & Wages	500.00	-	500.00	375.00	125.00	
Other Expenses	200.00	-	200.00	-	200.00	
Recreation & Education:						
Beach Front Maintenance						
Salaries & Wages	120,000.00	-	120,000.00	118,460.83	1,539.17	
Other Expenses	20,000.00	-	20,000.00	8,370.98	11,629.02	
Beach Operations						
Salaries & Wages	320,000.00	-	320,000.00	319,737.11	262.89	
Other Expenses	47,000.00	-	47,000.00	45,395.81	1,604.19	
Wharves, Docks & Bulkheads						
Salaries & Wages	21,000.00	-	21,000.00	13,828.82	7,171.18	
Other Expenses	6,000.00	-	6,000.00	5,713.52	286.48	
Contribution to Senior Citizen's Center (R.S. 40:48-94)	6,000.00	-	6,000.00	6,000.00	-	
Aid to Museum (N.J.S.A. 40:23-22)	300.00	-	300.00	-	300.00	
Celebration of Public Events						
Other Expenses	35,000.00	-	35,000.00	32,296.77	2,703.23	

STATEMENT OF EXPENDITURES (cont'd)

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
Recreation Services & Programs						
Salaries & Wages	10,000.00	-	10,000.00	8,593.63	1,406.37	
Other Expenses	7,500.00	-	7,500.00	7,064.63	435.37	
Beach Replenishment						
Other Expenses	7,500.00	-	7,500.00	4,800.00	2,700.00	
Utility Expenses & Bulk Purchases:						
Telephone	23,000.00	-	23,000.00	21,012.81	1,987.19	
Gas (Natural)	16,000.00	-	13,500.00	8,440.23	5,059.77	
Electricity	28,000.00	-	28,000.00	18,313.23	9,686.77	
Gasoline	50,000.00	-	52,500.00	52,456.06	43.94	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
State Uniform Construction Code Official						
Salaries & Wages	62,000.00	-	62,000.00	57,870.48	4,129.52	
Other Expenses	10,000.00	-	10,000.00	2,257.43	7,742.57	
Total Operations within CAPS	**4,806,060.00**	-	**4,803,560.00**	**4,257,427.63**	**546,132.37**	-
Detail:						
Salaries & Wages	2,458,160.00	-	2,467,020.00	2,366,429.95	100,590.05	-
Other Expenses	2,347,900.00	-	2,336,540.00	1,890,997.68	445,542.32	-
	4,806,060.00	-	4,803,560.00	4,257,427.63	546,132.37	-
Deferred Charges & Statutory Expenditures - within CAPS:						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	193,000.00	-	193,000.00	181,262.26	11,737.74	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	6,500.00	-	9,000.00	7,790.18	1,209.82	
Public Employees' Retirement System	105,022.00	-	105,022.00	105,022.00	-	
Police & Firemen's Retirement System of NJ	228,684.00	-	228,684.00	228,684.00	-	
Total Statutory Expenditures within CAPS	**533,206.00**	-	**535,706.00**	**522,758.44**	**12,947.56**	-
Total General Appropriations within CAPS	**5,339,266.00**	-	**5,339,266.00**	**4,780,186.07**	**559,079.93**	-

STATEMENT OF EXPENDITURES (cont'd)

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
Operations excluded from CAPS:						
Employee Group Health	57,100.00	-	57,100.00	-	57,100.00	
Length of Service Award Program (L.O.S.A.P.)	20,000.00	-	20,000.00	-	20,000.00	
Interlocal Municipal Service Agreements						
Assessment Services						
Salaries & Wages	7,500.00	-	7,500.00	7,499.96	0.04	
Other Expenses	12,000.00	-	12,000.00	150.00	11,850.00	
Public & Private Programs Offset by Revenues:						
Clean Communities Program	9,270.98	-	9,270.98	9,270.98	-	
Ocean County Cultural & Heritage Commission	1,375.00	-	1,750.00	1,750.00	-	
Ocean County Tourism Grant	1,150.00	-	2,275.00	2,275.00	-	
Recycling Enhancement Grant (County)	2,478.50	-	2,478.50	2,478.50	-	
NJ Body Armor Fund	2,804.60	-	2,804.60	2,804.60	-	
Cops in Shops 2011	4,000.00	-	4,000.00	4,000.00	-	
Recycling Tonnage Grant	6,078.49	-	6,078.49	6,078.49	-	
Recycling Revenue & Residuary Disposition	10,761.54	-	10,761.54	10,761.54	-	
Municipal Court Alcohol Education & Rehabilitation	1,757.27	-	1,757.27	1,757.27	-	
Drunk Driving Enforcement Fund	4,066.13	-	4,066.13	4,066.13	-	
CDBG FY11 - Handicap Beach Access/Equipment	40,000.00	-	40,000.00	40,000.00	-	
Ocean County Emergency Mgmt. FY12 966 Reimb Prog	7,547.50	-	7,547.50	7,547.50	-	
Federal & State Grants - Municipal Share	5,469.12	-	3,969.12	-	-	3,969.12
Total Operations excluded from CAPS	**193,359.13**	-	**193,359.13**	**100,439.97**	**88,950.04**	**3,969.12**
Detail:						
Salaries & Wages	7,500.00	-	7,500.00	7,499.96	0.04	-
Other Expenses	185,859.13	-	185,859.13	92,940.01	88,950.00	3,969.12
	193,359.13	-	193,359.13	100,439.97	88,950.04	3,969.12
Capital Improvements excluded from CAPS:						
Capital Improvement Fund	30,000.00	-	30,000.00	30,000.00	-	
NJ Transportation Trust Fund Authority Act	170,350.00	-	170,350.00	170,350.00	-	
Total Capital Improvements excluded from CAPS	200,350.00	-	200,350.00	200,350.00	-	-

STATEMENT OF EXPENDITURES (cont'd)

	2011 Budget	Emergency Appropriation	Modified Budget	Paid or Charged	Reserved	Cancelled
Municipal Debt Service excluded from CAPS:						
Payment of Bond Principal	135,000.00	-	135,000.00	135,000.00	-	
Interest on Bonds	35,000.00	-	35,000.00	33,077.75	-	1,922.25
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	45,300.00	-	45,300.00	45,275.27	-	24.73
Total Municipal Debt Service excluded from CAPS	215,300.00	-	215,300.00	213,353.02	-	1,946.98
Total General Appropriations excluded from CAPS	**609,009.13**	-	**609,009.13**	**514,142.99**	**88,950.04**	**5,916.10**
Subtotal - General Appropriations	5,948,275.13	-	5,948,275.13	5,294,329.06	648,029.97	5,916.10
Reserve for Uncollected Taxes	360,000.00	-	360,000.00	360,000.00	-	
Total General Appropriations	**$ 6,308,275.13**	-	**6,308,275.13**	**5,654,329.06**	**648,029.97**	**5,916.10**

Adopted Budget	$ 6,224,000.00
Added by N.J.S. 40A:4-87	84,275.13
	$ 6,308,275.13

	Ref.	
Due Federal & State Grant Fund	A-16	$ 263,140.01
Encumbrances Payable	A	27,248.01
Due Capital Fund	C-7	30,000.00
Reserve for Uncollected Taxes	A-2	360,000.00
Cash	A-4	4,973,941.04
		$ 5,654,329.06

TRUST FUND
COMPARATIVE BALANCE SHEET

Assets	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Dog License Fund:			
Cash	B-1	$ 754.19	$ 597.05
Due from State Department of Health	B-1	6.20	3.20
		760.39	**600.25**
Other Fund:			
Cash	B-1	297,429.67	253,868.87
Due from Current Fund	A	11,724.50	1,724.50
		309,154.17	**255,593.37**
Total Assets		**$ 309,914.56**	**$ 256,193.62**
Liabilities & Reserves			
Dog License Fund:			
Due Current Fund	B-2	$ 344.59	$ 272.45
Reserve for Dog Fund Expenditures	B-3	415.80	327.80
		760.39	**600.25**
Other Fund:			
Cash Bonds	B-4	117,845.83	112,116.10
Construction Fund		7,629.30	5,000.00
P.O.A.A.		2,136.00	1,876.00
Public Defender Fund		4,499.15	2,215.67
Disposal of Forfeited Property		3,430.69	1,711.34
Walk of Names		6,762.02	5,128.02
Special Events		48,105.07	35,134.25
Beach Wheels		555.50	555.50
Beach Patrol/LIT		5,802.95	7,166.57
Police Off-Duty		2,477.00	1,679.50
Tax Sale		51,600.00	34,700.00
Building		10,000.00	10,000.00
Time Capsule Reserve		413.00	412.76
Anchor Preservation & Maintenance		7,897.66	7,897.66
Accumulated Absences		40,000.00	30,000.00
		309,154.17	**255,593.37**
Total Liabilities & Reserves		**$ 309,914.56**	**$ 256,193.62**

CAPITAL FUND
COMPARATIVE BALANCE SHEET

Assets	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Cash	C-1 & C-2	$ 112,547.07	$ 3,892.64
Due from Utility Capital Fund	D	109,821.42	109,821.42
Deferred Charges to Future Taxation:			
Funded	C-5	1,588,659.85	1,760,781.35
Unfunded	C-6	6,454,323.55	6,265,669.09
		$ 8,265,351.89	**$ 8,140,164.50**

Liabilities, Reserves & Fund Balance			
Serial Bonds	C-8	$ 1,142,801.42	$ 1,314,922.92
Due To Current Fund	C-7	70,008.06	110,006.28
Bond Anticipation Notes	C-11	445,858.43	445,858.43
Improvement Authorizations:			
Funded	C-9	498,798.20	356,771.80
Unfunded	C-9	5,896,237.18	5,709,356.47
Reserve for Debt Service		1,449.38	1,449.38
Capital Improvement Fund	C-10	209,400.00	201,000.00
Fund Balance	C-4	799.22	799.22
		$ 8,265,351.89	**$ 8,140,164.50**

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

Assets	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Operating Fund:			
Cash	D-4	$ 320,473.10	$ 259,427.55
Due from Utility Capital Fund	D-10	568,315.60	503,315.90
Receivables with Full Reserves:			
Water Rents Receivable	D-6	5,550.66	42,701.85
Sewer Rents Receivable	D-7	81,454.72	64,384.40
Total Operating Fund		**975,794.08**	**869,829.70**
Capital Fund:			
Cash	D-4	32,242.66	272,299.63
Fixed Capital	D-8	8,994,430.38	8,977,278.20
Fixed Capital - Authorized & Uncompleted	D-9	2,750,000.00	2,750,000.00
Due from NJ Environmental Infrastructure Trust		286,031.00	286,031.00
Total Capital Fund		**12,062,704.04**	**12,285,608.83**
Total Assets		**$ 13,038,498.12**	**$ 13,155,438.53**

Liabilities, Reserves & Fund Balance			
Operating Fund:			
Liabilities:			
Accounts Payable	D-3	$ 6,713.96	$ 550.00
Prepaid Rents	D-6,D-4	-	7,915.01
Appropriation Reserves	D-3 & D-11	242,346.28	289,829.77
Accrued Interest on Bonds	D-12	41,436.46	45,368.73
Due Current Fund	A	74,294.61	64,094.61
		364,791.31	407,758.12
Reserve for Receivables		87,005.38	107,086.25
Operating Fund Balance	D-1	523,997.39	354,985.33
Total Operating Fund		**975,794.08**	**869,829.70**
Capital Fund:			
Due to Utility Operating Fund	D-10	568,315.60	503,315.90
Due to General Capital Fund	D-4	109,821.42	109,821.42
Due to Current Fund	D-4	41,996.61	41,996.61
Serial Bonds	D-14	4,264,358.14	4,729,600.11
Reserve for Amortization	D-16	4,838,941.24	4,356,547.09
Deferred Reserve for Amortization	D-17	717,930.00	710,230.00
BAN	D-19	809,600.00	817,300.00
Improvement Authorization:			
Funded	D-13	95,725.22	108,484.05
Unfunded	D-13	570,592.96	872,890.80
Capital Improvement Fund	D-15	45,058.93	35,058.93
Capital Fund Balance		363.92	363.92
Total Capital Fund		**12,062,704.04**	**12,285,608.83**
Total Liabilities, Reserves & Fund Balances		**$ 13,038,498.12**	**$ 13,155,438.53**

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

Revenue & Other Income	Ref.	Year 2011	Year 2010
Operating Fund Balance	D-2	$ 309,000.00	$ 450,000.00
Water Rents	D-2	581,427.17	615,041.07
Sewer Rents	D-2	812,119.03	796,830.18
Miscellaneous Revenue Anticipated	D-2	51,558.75	46,731.86
Other Credits to Income:			
Appropriation Reserves Lapsed	D-11	289,830.45	219,149.56
Total Income		**2,043,935.40**	**2,127,752.67**
Expenditures			
Budget Expenditures:			
Operations	D-3	975,800.00	1,128,300.00
Capital Improvements	D-3	40,000.00	40,000.00
Deferred Charges & Statutory Expenditures	D-3	12,000.00	29,000.00
Debt Service	D-3	538,123.34	608,089.79
Total Expenditures		**1,565,923.34**	**1,805,389.79**
Excess in Revenue		478,012.06	322,362.88
Fund Balance January 1	D	354,985.33	482,622.45
		832,997.39	**804,985.33**
Decreased by:			
Utilized as Anticipated Revenue	D-2	309,000.00	450,000.00
Fund Balance December 31	D	**$ 523,997.39**	**$ 354,985.33**

STATEMENT OF REVENUE - WATER/SEWER UTILITY FUND

	Ref.	Budget Revenue	Realized	Excess or Deficit(-)
Operating Surplus Anticipated	D-1	$ 309,000.00	309,000.00	-
Water Rents	D-6	530,000.00	581,427.17	51,427.17
Sewer Rents	D-7	775,000.00	812,119.03	37,119.03
Miscellaneous	D-4	30,000.00	51,558.75	21,558.75
		$ 1,644,000.00	**1,754,104.95**	**110,104.95**

Analysis of Miscellaneous Revenue:

Connection Fees		$ 10,471.37
Meter Pit Fees		9,016.54
Water Tower Rent		18,294.37
Temporary Disconnections		400.00
Interest on Delinquents		7,838.34
Interest on Investments		151.18
Water Turn On /Off		1,900.00
Miscellaneous		3,486.95
	D-4	**51,558.75**
Interest Earned in Utility Capital Fund		-
	D-1	**$ 51,558.75**

STATEMENT OF EXPENDITURES

	2011 Budget	Modified Budget	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries & Wages	$ 100,000.00	100,000.00	50,086.19	49,913.81	
Other Expenses	875,800.00	875,800.00	702,611.87	173,188.13	
	975,800.00	975,800.00	752,698.06	223,101.94	-
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00	-	
Capital Outlay	30,000.00	30,000.00	18,921.36	11,078.64	
	40,000.00	40,000.00	28,921.36	11,078.64	-
Debt Service:					
Payment of Bond Principal	465,500.00	465,500.00	435,241.97	-	30,258.03
Payment of BAN	7,700.00	7,700.00	7,700.00	-	-
Interest on Bonds	143,000.00	143,000.00	95,181.37	-	47,818.63
	616,200.00	616,200.00	538,123.34	-	78,076.66
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	2,000.00	2,000.00	-	2,000.00	
Social Security System (O.A.S.I.)	8,000.00	8,000.00	3,575.64	4,424.36	
Unemployment Insurance	2,000.00	2,000.00	258.66	1,741.34	
	12,000.00	12,000.00	3,834.30	8,165.70	-
Total Utility Appropriations	**$ 1,644,000.00**	**1,644,000.00**	**1,323,577.06**	**242,346.28**	**78,076.66**

	Ref.	
Accrued Interest on Bonds	D-12	$ 95,181.37
Capital Improvement Fund	D-15	10,000.00
BAN	D-19	7,700.00
Accounts Payable	D	6,713.96
Cash	D-4	1,203,981.73
		$ 1,323,577.06

PUBLIC ASSISTANCE TRUST FUND
COMPARATIVE BALANCE SHEET

Assets	Ref.	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Cash	E-1	**$ 474.04**	**$ 474.04**
Reserves			
Reserve for Public Assistance		474.04	474.04
		$ 474.04	**$ 474.04**

BOROUGH OF SHIP BOTTOM
STATEMENT OF GENERAL FIXED ASSETS

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
General Fixed Assets:		
Land	$ 1,063,970.89	$ 1,063,970.89
Building	1,932,179.55	1,932,179.55
Equipment & Vehicles	1,488,437.71	1,408,924.89
	$ 4,484,588.15	**$ 4,405,075.33**
Investment in General Fixed Assets	**$ 4,484,588.15**	**$ 4,405,075.33**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Ship Bottom included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Ship Bottom as required by N.J.S. 40A:5-5.

B. Description of Funds

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

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

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

General Capital Fund – receipts and disbursements of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

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

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes.

C. Basis of Accounting

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

1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

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

2. Long-Term Debt

Summary of Municipal Debt

	Year 2011	Year 2010	Year 2009
Issued			
General:			
Bond & Notes	$ 1,588,659.85	$ 1,760,781.35	$1,981,312.97
Less: Funds Held to Redeem Debt	1,449.38	1,449.38	1,449.38
Water/Sewer Utility:			
Bonds & Notes	5,073,958.14	5,546,900.11	6,004,491.57
Less: Funded by Bond Issue	0.00	0.00	0.00
	6,661,168.61	**7,306,232.08**	**7,984,355.16**
Authorized but not Issued			
General:			
Bonds & Notes	6,454,323.55	6,265,669.09	6,245,732.47
Water/Sewer Utility			
Bonds & Notes	1,113,601.00	1,113,601.00	1,113,601.00
	7,567,924.55	**7,379,270.09**	**7,359,333.47**
Net Bonds & Notes Issued and Authorized but not Issued	**$14,229,093.16**	**$14,685,502.17**	**15,343,688.63**

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 which indicates a Statutory Net Debt of 0.60%

	Gross Debt	Deductions	Net Debt
Regional School District Debt	$ 513,974.22	513,974.22	-
Water/Sewer Utility Debt	6,187,559.14	6,187,559.14	-
General Debt	8,042,983.40	1,449.38	8,041,534.02
	$14,744,516.76	**6,702,982.74**	**8,041,534.02**

Net Debt $8,041,534.02 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended $ 1,325,043,504.00 = 0.60%.(*)

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

3.5% Equalized Valuation Basis (Municipal)	$ 46,376,522.64
Net Debt	8,041,534.02
Remaining Borrowing Power	$ 38,334,988.62

2. Long-Term Debt, continued

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

Calendar	------- General Capital -------		----- Water/Sewer Utility -----		
Year	Principal	Interest	Principal	Interest	Total
2012	182,867.64	35,200.39	482,270.10	127,577.86	827,915.99
2013	181,628.77	28,636.75	492,447.40	111,397.53	814,110.45
2014	109,405.21	22,271.31	385,444.72	94,847.41	611,968.65
2015	115,197.25	18,941.77	386,976.79	83,955.40	605,071.21
2016	103,306.19	15,461.91	391,658.03	71,587.91	582,014.04
2017-28	450,396.36	38,788.78	2,125,561.10	270,820.96	3,004,335.30
	$1,142,801.42	$159,300.89	$4,264,558.14	$ 760,187.07	$6,326,847.52

3. Fund Balances Appropriated

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

Current Fund	$ 1,025,000.00
Water/Sewer Utility Fund	$ 315,000.00

4. School Taxes

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable, set for the in the Current Fund liabilities, as follows:

	Local District School Tax		Regional School Tax	
	Balance, Dec. 31, 2011	Balance Dec. 31, 2010	Balance, Dec. 31, 2011	Balance, Dec. 31, 2010
Balance of Tax	$ 240,699.83	$ 237,774.42	$1,209,337.67	$1,171,079.34
Deferred	95,307.78	95,307.78	369,334.00	369,334.00
Tax Payable	**$ 145,392.05**	**$ 142,466.64**	**$ 840,003.67**	**$ 801,745.34**

5. Pensions

Employees who are eligible for a pension plan are enrolled in one of three pensions systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are: (1) the Public Employees' Retirement System; (2) the Consolidated Police and Firemen's Pension Fund; and (3) the Police and Firemen's Retirement System. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to $333,706.00 for 2011 and $275,209.00 for 2010.

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

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

6. Accrued Sick and Vacation Benefits (Compensated Absences)

The Municipality has permitted employees to accrue unused vacation and sick pay, to a limited extent, which may be paid upon retirement at an agreed upon rate. The Municipality's policy is to pay this out of current budgets when due. It is estimated that the current cost of such unpaid compensation is not considered material, and is not included in these financial statements as a long-term liability.

7. Accrued Sick & Vacation Benefits (Compensated Absences), continued

The following schedule sets illustrates the potential liability for compensated absences of the Borough.

Analysis of Compensated Absence Liability

			Legal Basis for Benefit		
Organization/Individuals Eligible for Benefit	Gross Days of Accumulated Absence	Value of Compensated Absences	Approved Labor Agreement	Local Ordinance	Individual Employment Agreements
Regular Employees	537.25	$ 84,997.00	X	X	
Police	994.00	205,618.60	X		X
Public Works/Utility	390.25	43,465.31	X	X	
TOTALS	1,921.50 days	$ 334,080.91			
Total Funds Reserved as of end of 2011:		$ 40,000.00			
Total Funds Appropriated in 2012:		$ 10,000.00			

Schedule A

BOROUGH OF SHIP BOTTOM
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2011

Federal Grantor/Pass Through Grantor/Program	CFDA #	Pass-Through Entity ID #	Grant Period	Cash Received	Program Expenditures
U.S. Housing & Urban Development					
Community Development Block Grant					
Handicapped Access to Bayfront FY09		Ocean County	1/1/11 to 12/31/11	5,664.44	-
U.S. Housing & Urban Development					
Community Development Block Grant					
Handicapped Beach Access &					
Accessibility Equipment FY11		Ocean County	1/1/11 to 12/31/11	-	1,105.00
Total Federal Assistance				**$ 5,664.44**	**$ 1,105.00**

Schedule B

BOROUGH OF SHIP BOTTOM
Schedule of Expenditures of State Awards
Year Ended December 31, 2011

State Grantor/Pass-Through Grantor/Program	Pass-Through Entity ID#	State Account#	Grant Period	Cash Received	Program Expenditures
Department of Environmental Protection					
Clean Communities		4900-765-178910-60	1/1/11 to 12/31/11	$ 7,530.99	$ 4,770.00
N.J. Division of Motor Vehicles					
Drunk Driving Enforcement Fund		110-448-031020-22-2200	1/1/11 to 12/31/11	4,066.13	2,990.48
N.J. Department of Law & Public Safety					
Cops in Shops		A-199-10-05-21	1/1/11 to 12/31/11	-	3,429.36
N.J. Department of Law & Public Safety					
Body Armor Replacement		1020-718-066-1020-801	1/1/11 to 12/31/11	1,437.28	752.50
NJ Department of Environmental Protection					
Recycling Tonnage Grant			1/1/11 to 12/31/11	3,675.57	2,677.08
NJ Department of Community Affairs					
Alcohol Education & Rehabilitation Fund			1/1/11 to 12/31/11	1,618.04	-
Total State Financial Assistance				**$ 18,328.01**	**$ 14,619.42**

STATEMENT OF CURRENT FUND CASH

COLLECTOR - TREASURER

	Ref.		
Balance December 31, 2010	A		**$ 1,910,145.73**
Receipts:			
Interest & Cost on Taxes	A-2	$ 48,444.61	
Miscellaneous Revenue Not Anticipated	A-2	182,236.77	
Taxes Receivable	A-6	10,738,610.54	
Revenue Accounts Receivable	A-8	1,301,809.32	
Prepaid Taxes	A-10	250,858.93	
State of NJ - Tax Exemptions	A-12	30,750.00	
Due from Capital Fund	C-7	221,760.49	
Federal & State Grants	A-15 & A-17	40,110.57	
Tax Overpayments	A-11	7,721.02	
Contra		82,483.78	
Total Receipts			12,904,786.03
Total Receipts & Balances			**14,814,931.76**
Disbursements:			
2011 Budget Appropriations	A-3	4,973,941.04	
2010 Appropriation Reserves	A-9	119,608.72	
Local District School Tax	A-13	503,198.99	
Regional High School Tax	A-14	2,377,137.50	
County Taxes	A-6	4,340,970.50	
Due County for Added Taxes	A	24,945.67	
Tax Overpayments	A-11	17,187.27	
Due from Capital Fund	C-7	211,745.54	
Federal & State Grants	A&A-16	23,008.28	
Contra		82,483.78	
Total Disbursements			12,674,227.29
Balance December 31, 2011	A		**$ 2,140,704.47**

STATEMENT OF CURRENT FUND CASH AND RECONCILIATION PER N.J.S. 40A:5-5

COLLECTOR - TREASURER

	Regular
Balance December 31, 2011	**$ 2,140,704.47**
Increased by Cash Receipts	6,270,808.37
	8,411,512.84
Decreased by Cash Disbursements	7,054,248.81
Balance July 31, 2012	**$ 1,357,264.03**

Cash Reconciliation, July 31, 2012

Balance per Statement of:	
Sun National Bank	**$ 1,357,264.03**

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY LEVY

Year	Balance Dec. 31, 2010	Added & Omitted	Levy	Collection 2010	Collection 2011	State's Share of Exemptions	Overpayments Applied	Cancelled	Transfer to Tax Title Lien	Balance Dec. 31, 2011
1992	$ 252.20				-					252.20
1996	33.28				-					33.28
1997	13.64				-					13.64
2004	2,595.94				-					2,595.94
2005	9,850.90				-					9,850.90
2008	1,085.02				-					1,085.02
2010	257,649.47	592.14			254,701.58			3,540.03	-	-
	271,480.45	**592.14**	-	-	**254,701.58**	-	-	**3,540.03**	-	**13,830.98**
2011	-	30,477.54	11,013,300.05	255,402.23	10,483,908.96	31,046.34	-	30,992.14	1,241.72	241,186.20
	$ 271,480.45	**31,069.68**	**11,013,300.05**	**255,402.23**	**10,738,610.54**	**31,046.34**	-	**34,532.17**	**1,241.72**	**255,017.18**
Ref.	A		A-6	A-10	A-4	A-12	A-11		A-7	A

Analysis of 2011 Property Tax Levy:

Tax Yield:			
General Purpose Tax:			
General Property Tax		$ 11,010,878.16	
Business Personal Tax		2,421.89	
Added Taxes		30,477.54	
			$ 11,043,777.59
Tax Levy:			
Local District School Tax (abstract)			$ 506,124.40
Regional High School Tax (abstract)			2,415,395.83
County Tax (abstract)	$ 3,746,655.16		
County Library Tax (abstract)	434,336.98		
County Open Spaces Tax (abstract)	159,978.36		
Due County for Added Taxes	12,263.31		
			4,353,233.81
Tax for Municipal Purposes (abstract)	3,740,000.00		
Add: Additional Tax Levied	29,023.55		
			3,769,023.55
			$ 11,043,777.59

STATEMENT OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2010	A	$ 16,580.37
Increased by:		
Transfers from Taxes Receivable	A-6	1,241.72
Balance December 31, 2011	A	**$ 17,822.09**

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued in 2011	Collected	Balance Dec. 31, 2011
Clerk:				
Licenses:				
Alcoholic Beverage	$ -	12,716.00	12,716.00	-
Mercantile	-	15,155.00	15,155.00	-
Other	-	6,000.00	6,000.00	-
Garage Sale Permits	-	340.00	340.00	-
Municipal Court Fines & Costs	4,223.94	119,108.90	120,042.79	3,290.05
Boat Ramp Fees	-	46,040.00	46,040.00	-
Beach Badge Fees	-	753,990.01	753,990.01	-
Tax Search Fees	-	10.00	10.00	-
Energy Receipts Tax	-	247,442.00	247,442.00	-
Rental of Building	-	27,821.12	27,821.12	-
Interest on Investments & Savings	-	1,105.90	1,105.90	-
Street Opening Permits	-	2,400.00	2,400.00	-
Assessment Services-Interlocal	-	19,489.25	19,489.25	-
Beach Buggy Licenses	-	4,325.00	4,325.00	-
Occupancy Permits	-	2,665.00	2,665.00	-
Food Handler's Permits	-	825.00	825.00	-
Other Fees & Permits	-	1,580.00	1,580.00	-
Zoning Board Fees	-	2,350.00	2,350.00	-
Construction Code Fees Dedicated	-	37,512.25	37,512.25	-
	$ 4,223.94	**1,300,875.43**	**1,301,809.32**	**3,290.05**
Ref.	A		A-4	A

STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance Dec. 31, 2010	Balance After Transfers	Expended	Balance Lapsed
Administrative & Executive				
Salaries & Wages	$ 8,587.74	8,587.74	299.23	8,288.51
Other Expenses	6,446.14	6,446.14	1,005.79	5,440.35
Financial Administration				
Salaries & Wages	3,746.83	3,746.83	1,046.37	2,700.46
Other Expenses	9,374.16	9,374.16	104.66	9,269.50
Assessment of Taxes				
Salaries & Wages	7,948.41	7,948.41	372.95	7,575.46
Other Expenses	7,952.97	7,952.97	1,935.50	6,017.47
Collection of Taxes				
Other Expenses	3,993.93	3,993.93	104.66	3,889.27
Legal Services				
Other Expenses	8,492.05	8,492.05	587.00	7,905.05
Engineering Services				
Other Expenses	7,994.01	7,994.01	3,637.77	4,356.24
Public Buildings & Grounds				
Other Expenses	18,697.60	18,697.60	2,454.95	16,242.65
Land Use Board				
Other Expenses	7,760.13	7,760.13	5.49	7,754.64
Municipal Clerk				
Salaries & Wages	6,743.05	6,743.05	1,119.50	5,623.55
Historical Preservation				
Other Expenses	500.00	500.00	34.98	465.02
Equipment Maintenance & Repair				
Salaries & Wages	2,265.54	2,265.54	576.59	1,688.95
Other Expenses	183.51	183.51	35.92	147.59
Insurance				
Employee Group Health	11,760.99	11,760.99	1,154.49	10,606.50
Police Department				
Salaries & Wages	34,043.51	34,043.51	12,116.03	21,927.48
Other Expenses	26,444.28	26,444.28	24,553.25	1,891.03
Office of Emergency Management				
Other Expenses	4,800.66	4,800.66	53.98	4,746.68
Other Code Enforcement Functions				
Salaries & Wages	2,296.01	2,296.01	690.23	1,605.78
Municipal Court				
Salaries & Wages	12,210.10	12,210.10	550.05	11,660.05

STATEMENT OF 2010 APPROPRIATION RESERVES, cont.

	Balance Dec. 31, 2010	Balance After Transfers	Expended	Balance Lapsed
Streets & Roads Maintenance				
Other Expenses	53,727.46	53,727.46	7,253.30	46,474.16
Street Lighting	7,370.76	7,370.76	7,208.80	161.96
Sanitary Landfill				
Other Expenses	73,006.77	73,006.77	3,905.16	69,101.61
Solid Waste Collection				
Other Expenses	127,156.22	127,156.22	16,666.67	110,489.55
Recycling				
Salaries & Wages	5,556.04	5,556.04	78.91	5,477.13
Other Expenses	2,144.09	2,144.09	1,295.60	848.49
Animal Control Services				
Other Expenses	2,900.00	2,900.00	45.51	2,854.49
Beach Operations				
Other Expenses	7,200.86	7,200.86	6,525.20	675.66
Recreation Services & Programs				
Other Expenses	2,975.28	2,975.28	402.03	2,573.25
Celebration and Public Events				
Other Expenses	7,936.06	7,936.06	2,512.13	5,423.93
Beach Front Maintenance				
Salaries & Wages	17,100.79	17,100.79	2,413.32	14,687.47
Gas (Natural)	-	-	-	-
Telephone	2,902.53	2,902.53	162.95	2,739.58
Gasoline	11,304.59	11,304.59	3,314.40	7,990.19
Uniform Construction Code				
Salaries & Wages	5,159.28	5,159.28	632.40	4,526.88
Other Expenses	9,957.52	9,957.52	10.98	9,946.54
Unemployment Compensation Insurance	1,512.07	1,512.07	88.59	1,423.48
Social Security (O.A.S.I.)	13,263.53	13,263.53	1,212.88	12,050.65
Length of Service Award Program (L.O.S.A.P.)	20,000.00	20,000.00	13,016.00	6,984.00
Interlocal Municipal Service Agreements				
Assessment Services				
Other Expenses	11,712.50	11,712.50	424.50	11,288.00
Other Accounts with No Change	105,316.57	105,316.57		105,316.57
	$ 680,444.54	**680,444.54**	**119,608.72**	**560,835.82**
Ref.	A	A	A-4	A-1

Encumbrances Payable	$ 36,194.31
Reserves Balance	644,250.23
	$ 680,444.54

A-10

STATEMENT OF PREPAID TAXES

	Ref.	
Balance December 31, 2010	A	**$ 255,402.23**
Increased by:		
Prepaid Taxes Collected	A-4	250,858.93
		506,261.16
Decreased by:		
Applied to Taxes Receivable	A-6	255,402.23
Balance December 31, 2011	A	**$ 250,858.93**

A-11

STATEMENT OF TAX OVERPAYMENTS

	Ref.	
Balance December 31, 2010	A	**$ 9,466.25**
Increased by:		
Collections	A-4	7,721.02
		17,187.27
Decreased by:		
Refunds	A-4	17,187.27
Balance December 31, 2011	A	$ -

A-12

STATEMENT OF DUE TO/FROM STATE OF NEW JERSEY FOR EXEMPTIONS

	Ref.	
Balance December 31, 2010*	A	**$ 572.13**
Increased by:		
Allowed for 2011 - Net	A-6	31,046.34
		31,618.47
Decreased by:		
Collections	A-4	30,750.00
Balance December 31, 2011*	A	**$ 868.47**

*Note: This is a revolving amount that can not be verified with any independent source. Adjustments will be made when the proper amount is determined.

A-13

STATEMENT OF LOCAL DISTRICT SCHOOL TAX

	Ref.		
Balance December 31, 2010			
Deferred	A	95,307.78	
Payable		142,466.64	
			$ 237,774.42
Increased by:			
Levy-School Year July 1, 2011 to June 30, 2012	A-1		506,124.40
			743,898.82
Decreased by:			
Payments	A-4		503,198.99
Balance December 31, 2011			
Deferred		95,307.78	
Payable	A	145,392.05	
			$ 240,699.83

A-14

STATEMENT OF REGIONAL SCHOOL TAX

	Ref.		
Balance December 31, 2010			
Deferred	A	$ 369,334.00	
Payable		801,745.34	
			$ 1,171,079.34
Increased by:			
Levy-School Year July 1, 2011 to June 30, 2012	A-1		2,415,395.83
			3,586,475.17
Decreased by:			
Payments	A-4		2,377,137.50
Balance December 31, 2011			
Deferred		369,334.00	
Payable	A	840,003.67	
			$ 1,209,337.67

FEDERAL AND STATE GRANT FUND

STATEMENT OF GRANTS RECEIVABLE

	Balance Dec. 31, 2010	2011 Budget Revenue Realized	Prior Period Adjustment	Received	Transfer from Unappropriated Reserves	Balance Dec. 31, 2011
Drunk Driving Enforcement Fund	$ -	4,066.13	-	4,066.13	-	-
Clean Communities Grant	-	9,270.98	-	7,530.99	1,739.99	-
Alcohol Education & Rehabilitation	-	1,757.27	-	1,618.04	139.23	-
Ocean County Tourism Grant	-	1,150.00	-	1,125.00	25.00	-
Cops In Shops 2011	-	4,000.00	-	-	-	4,000.00
Ocean County Cultural Heritage Commission	-	1,375.00	-	375.00	1,000.00	-
NJ Body Armor Grant	-	2,804.60	-	1,437.28	1,367.32	-
Emergency Management Grant	25,910.24	-	-	-	-	25,910.24
Recycling Revenue & Residuary Disposition	-	10,761.54	-	10,421.12	340.42	-
Recycling Tonnage Grant	-	6,078.49	-	3,675.57	2,402.92	-
CDBG FY09 - Handicap Access to Bayfront	13,490.00	-	-	5,664.44	-	7,825.56
Emergency Management FY11 966 Reimb. Program	4,197.00	-	-	4,197.00	-	-
Emergency Management FY12 966 Reimb. Program	-	7,547.50	-	-	-	7,547.50
Recycling Enhancement Grant	-	2,478.50	-	-	-	2,478.50
CDBG - Handicap Access & Accessibility Equipment	-	40,000.00	-	-	-	40,000.00
NJ Transportation Trust Fund Authority Act	490,253.60	-	(426,842.51)	-	-	63,411.09
NJ Transportation Trust Fund Authority Act - 2011	-	170,350.00	-	-	-	170,350.00
	$ 533,850.84	**261,640.01**	**(426,842.51)**	**40,110.57**	**7,014.88**	**321,522.89**
Ref.	A	A-2		A-4	A-17	A

FEDERAL AND STATE GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

	Balance Dec. 31, 2010	Transfer from 2011 Budget	Encumbrances Canceled	Prior Period Adjustments	Expended	Balance Dec. 31, 2011
Alcohol Education & Rehabilitation Fund	$ 4,356.59	1,757.27	-	-	-	6,113.86
Clean Communities Program	5,586.42	9,270.98	-	-	4,770.00	10,087.40
Drunk Driving Enforcement Fund	-	4,066.13	-	-	2,990.48	1,075.65
Cops In Shops Grant	-	4,000.00	-	-	3,429.36	570.64
NJ Body Armor Grant	6,029.37	2,804.60	-	-	752.50	8,081.47
Ocean County Tourism Grant	-	2,275.00	-	-	-	2,275.00
Ocean County Cultural & Heritage Commission	250.00	1,750.00	-	-	-	2,000.00
Recycling Revenue & Residuary Disposition	458.76	10,761.54	-	-	3,878.92	7,341.38
NJ Transportation Trust Fund Authority Act	715,546.57	-	-	(426,842.51)	-	288,704.06
NJ Transportation Trust Fund Authority Act - 2011	-	170,350.00	-	-	-	170,350.00
Recycling Tonnage Grant	-	6,078.49	-	-	2,677.08	3,401.41
CDBG FY09 - Handicap Access to Bayfront	7,700.56	-	-	-	-	7,700.56
Recycling Enhancement Grant	-	2,478.50	-	-	-	2,478.50
CDBG - Handicap Beach Access & Accessibility Equipment	-	40,000.00	-	-	1,105.00	38,895.00
Emergency Mgmt. FY11 966 Reimb. Program	3,404.94	-	-	-	3,404.94	-
Emergency Mgmt. FY12 966 Reimb. Program	-	7,547.50	-	-	-	7,547.50
	$ 743,333.21	**263,140.01**	-	**(426,842.51)**	**23,008.28**	**556,622.43**
Ref.	A	A-3		A	A-4	A

FEDERAL AND STATE GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2010	Transfer to 2011 Budget	Received	Balance Dec. 31, 2011
Alcohol Education & Rehabilitation Fund	$ 139.23	139.23	-	$ -
Clean Communities	1,739.99	1,739.99	-	-
Ocean County Cultural Heritage Commission	1,000.00	1,000.00	-	-
Recycling Tonnage Grant	2,402.92	2,402.92	-	-
NJ Body Armor	1,367.32	1,367.32	-	-
Recycling Revenue & Residue Disposition	340.42	340.42	-	-
Ocean County Tourism Grant	25.00	25.00	-	-
	$ 7,014.88	**7,014.88**	-	$ -
Ref.	A	A-15	A-4	A

STATEMENT OF TRUST CASH - TREASURER

	Ref.	Dog License Fund	Other Fund
Balance December 31, 2010	B	$ 597.05	$ 253,868.87
Receipts:			
Dog License Fees	B-3	217.00	-
Construction Fees		-	79,735.10
Bonds & Interest Received	B-4	-	32,328.95
Public Defender Fund		-	2,284.00
Walk of Names		-	2,750.00
Special Events		-	14,411.40
Beach Patrol/LIT		-	14,745.00
Police Off-Duty		-	797.50
Tax Sale		-	38,400.00
POAA		-	260.00
Disposal of Forfeited Property		-	1,719.35
Interest Income		0.38	10.51
Total Receipts		**217.38**	**187,441.81**
		814.43	**441,310.68**
Disbursements:			
State Registration Fees	B	60.00	-
Due to Current Fund	B-3	0.24	-
Construction Fees	A-2	-	77,114.65
Refund of Bond & Interest	B-4	-	26,599.22
Public Defender Fund		-	1.94
Walk of Names		-	1,116.00
Special Events		-	1,440.58
Beach Patrol/LIT		-	16,108.62
Tax Sale		-	21,500.00
Total Expenditures		**60.24**	**143,881.01**
Balance December 31, 2011	B	**$ 754.19**	**$ 297,429.67**

STATEMENT OF TRUST AND RECONCILIATION PER N.J.S. 40A:5-5

COLLECTOR-TREASURER

	Dog License Fund	Other Fund
Balance December 31, 2011	$ 754.19	$ 297,429.67
Increased by Cash Receipts	206.38	297,256.31
	960.57	594,685.98
Decreased by Cash Disbursements	24.92	180,825.19
Balance July 31, 2012	$ 935.65	$ 413,860.79
Cash Reconciliation, July 31, 2012		
Balance per Statement of:		
Sun National Bank	$ 935.65	$ 413,860.79

STATEMENT OF DUE TO/FROM CURRENT FUND
DOG LICENSE FUND

	Ref.			
Balance December 31, 2010 (Due To)	B		$	272.45
Increased by:				
Interest Earned	B-1	$ 0.38		
Statutory Excess	B-3	72.00		
				72.38
				344.83
Decreased by:				
Paid to Current Fund	B-1			0.24
Balance December 31, 2011 (Due To)	B		$	344.59

STATEMENT OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.		
Balance December 31, 2010	B	$	327.80
Increased by:			
Dog License Fees Collected	B-1		160.00
			487.80
Decreased by:			
Statutory Excess			72.00
Balance December 31, 2011	B	$	415.80

Fees Collected

Year	Amount
2010	$ 260.00
2009	155.80
	$ 415.80

STATEMENT OF RESERVE FOR CASH BONDS

	Ref.		
Balance, December 31, 2010	B	$	**112,116.10**
Increased by:			
Bonds Posted & Interest Income	B-1		32,328.95
			144,445.05
Decreased by:			
Bonds & Interest Returned	B-1		26,599.22
Balance, December 31, 2011	B	$	**117,845.83**

STATEMENT OF DUE TO/FROM CURRENT FUND TRUST-OTHER FUND

	Ref.		
Balance, December 31, 2010 (Due From)	B	$	**1,724.50**
Increased by:			
Budget Appropriation - Accumulated Absences	A-3		10,000.00
Balance, December 31, 2011 (Due From)	B		**11,724.50**

ANALYSIS OF CAPITAL CASH

	Date of Ordinance	Amount
Fund Balance		$ 799.22
Due Current Fund		70,008.06
Due from Utility Capital Fund		(109,821.42)
Capital Improvement Fund		209,400.00
Reserve for Debt Service		1,449.38
Improvement Authorizations:		
Resurface/Drainage DOT 5th St.	02/25/03	117,453.28
Beach Replenishment, Dredging & Breakwater Construction	11/20/03	93,967.55
Acquisition & Installation of: Recreation Equipment, Computer Equip./Software; Renovations/Impr. to PW Facilities	10/24/06	(898.05)
Improvements to 19th Street	4/24/07	(45,724.68)
Various Capital Improvements	2/25/08	(240,043.45)
Purchase of Beach operations Truck	3/25/08	(15,091.50)
Improvements of 12th St.&N. Shore Avenue	3/24/09	(6,397.99)
Improvements of W. 13th Street	04/27/10	96,904.49
Purchase of Tractor	02/22/11	(75,412.82)
Reconstruction of Street-End Bulkheads	05/17/11	5,955.00
Improvement of North Shore Ave	10/25/11	10,000.00
		$ 112,547.07
	Ref.	C

STATEMENT OF CAPITAL FUND CASH

	Ref.		
Balance December 31, 2010	C		$ 3,892.64
Increased by:			
Interest Earned on Account	C-7	$ 16.73	
Received from Current Fund	C-7	211,745.54	
			211,762.27
			215,654.91
Decreased by:			
Paid to Current Fund	C-7	$ 14.95	
Improvement Authorizations	C-9	103,092.89	
			103,107.84
Balance December 31, 2011	C		**$ 112,547.07**

STATEMENT OF CASH AND RECONCILIATION PER N.J.S. 40A:5-5

Balance December 31, 2011	**$ 112,547.07**
Increased by Cash Receipts	325,017.19
	437,564.26
Decreased by Disbursements	317,401.32
Balance July 31, 2012	**$ 120,162.94**

Cash Reconciliation, July 31, 2012

Balance per statement of:	
Sun National Bank	**$ 120,162.94**

C-4

STATEMENT OF CAPITAL FUND BALANCE

	Ref.	
Balance December 31, 2011 and 2010	C	**$ 799.22**

C-5

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION

FUNDED

	Ref.	
Balance December 31, 2010	C	$ 1,760,781.35
Decreased by:		
Bonds Redeemed	C-8	172,121.50
Balance December 31, 2011	C	**$ 1,588,659.85**

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION

UNFUNDED

Purpose	Authorization Date	Authorization Amount	Balance Dec.31, 2011
Acquisition & Installation of: Recreation Equipment, Computer Equip./Software; Renovations/Impr. to PW Facilities	10/24/06	209,000.00	100,000.00
Improvements to 19th Street	4/24/07	142,500.00	45,724.68
Various Capital Improvements	2/25/08	425,000.00	272,352.91
Purchase Beach Operations Truck	3/25/08	20,000.00	15,091.50
Improvement of 12th Street & N. Shore Avenue	3/24/09	166,250.00	49,504.46
Construction of New Borough Hall	9/22/09	5,500,000.00	5,500,000.00
Improvement of W. 13th Street	4/27/10	175,000.00	61,250.00
Purchase of Tractor	2/22/11	82,000.00	77,900.00
Reconstruction of Street-End Bulkheads	5/17/11	150,000.00	142,500.00
Improvement of W. 13th Street	10/25/11	200,000.00	190,000.00
			$ 6,454,323.55
		Ref.	C

STATEMENT OF DUE TO/FROM CURRENT FUND

	Ref.		
Balance December 31, 2010 (Due To)	C		**$ 110,006.28**
Increased by:			
Received from Current Fund	A-4	$ 211,745.54	
Interest Earned on Savings	C-2	16.73	
			211,762.27
			321,768.55
Decreased by:			
DOT Reimbursment Received by Current Fund	A-4,C-11	221,745.54	
Paid to Current Fund	A-4	14.95	
Budget Appropriations - Capital Improvement Fund	C-2,A-3	30,000.00	
			251,760.49
Balance December 31, 2011 (Due To)	C		**$ 70,008.06**

STATEMENT OF SERIAL BONDS

Purpose	Issue Date	Amount Issued	Maturity Schedule Date	Maturity Schedule Amount	Interest Rate	Balance Dec. 31, 2010	Issued	Paid	Balance Dec. 31, 2011
Land Acquisition *		$ 408,440.00	2012	23,338.61					
			2013	23,807.71					
			2014	24,286.25					
			2015	24,774.40					
			2016	12,573.34	2.000%	131,659.06	-	22,878.75	108,780.31
General Improvements	10/15/1998	$ 923,000.00	10/15/12	80,000.00					
			10/15/13	73,000.00	4.300%	223,000.00	-	70,000.00	153,000.00
General Improvements	12/1/2004	$ 985,000.00	5/1/12	65,000.00	3.500%				
			5/1/13-14	70,000.00	3.500%				
			5/1/15	75,000.00	3.500%				
			5/1/16	75,000.00	3.625%				
			5/1/17	75,000.00	3.750%				
			5/1/18	90,000.00	3.800%				
			5/1/19	90,000.00	4.000%	675,000.00	-	65,000.00	610,000.00

STATEMENT OF SERIAL BONDS, (cont'd)

Purpose	Issue Date	Amount Issued	Maturity Schedule Date	Maturity Schedule Amount	Interest Rate	Balance Dec. 31, 2010	Issued	Paid	Balance Dec. 31, 2011
Waterfront Park *		$ 319,655.00	2012	14,529.03					
			2013	14,821.06					
			2014	15,118.96					
			2015	15,422.85					
			2016	15,732.85					
			2017	16,049.09					
			2018	16,371.67					
			2019	16,700.75					
			2020	17,036.43					
			2021	17,378.86					
			2022	17,728.18					
			2023	18,084.51					
			2024	18,448.02					
			2025	18,818.82					
			2026	19,197.07					
			2027	19,582.96	2.000%	285,263.86	-	14,242.75	271,021.11
						$ 1,314,922.92	-	**172,121.50**	**1,142,801.42**
					Ref.	C	C-5	C-5	C

* N.J. Green Trust Loan Program

STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Description	Date	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorization	Expended	Cancelled	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
Acquisition of Beach Truck & Front End Loader; Resurface/Drainage DOT 5th St.; and Renovations to Boro Hall	02/25/03	$ 785,000.00	$ 117,953.28	-	-	500.00	-	117,453.28	-
Beach Replenishment, Dredging & Breakwater Construction	11/20/03	225,000.00	96,667.55	-	-	2,700.00	-	93,967.55	-
Acquisition & Installation of: Recreation Equipment, Computer Equip./Software; Renovations/Impr. to PW Facilities	10/24/06	220,000.00	99,101.95	-	-	-	-	99,101.95	-
Various Capital Improvements	02/25/08	425,000.00	40,829.46	-	-	8,520.00	-	32,309.46	-
Improvement of 12th St. & N. Shore Ave.	03/24/09	175,000.00		43,106.47	-	-	-	43,106.47	-
Construction of New Borough Hall	09/22/09	5,500,000.00	-	5,500,000.00	-	-	-	-	5,500,000.00
Improvement of W. 13th Street	04/27/10	175,000.00	2,219.56	166,250.00	-	10,315.07	-	96,904.49	61,250.00
Purchase of Tractor	02/22/11	82,000.00	-	-	82,000.00	79,512.82	-	-	2,487.18
Reconstruction of Street-End Bulkheads	05/17/11	150,000.00	-	-	150,000.00	1,545.00	-	5,955.00	142,500.00
Improvement of North Shore Ave.	10/25/11	200,000.00	-	-	200,000.00	-	-	10,000.00	190,000.00
			$ 356,771.80	**5,709,356.47**	**432,000.00**	**103,092.89**	-	**498,798.20**	**5,896,237.18**
	Ref.		C	C	C-6 & C-10	C-2&C-7		C	C

STATEMENT OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	C	**$ 201,000.00**
Increased by:		
Budget Appropriation	A-3	30,000.00
		231,000.00
Decreased by:		
Utilized to Finance Improvement Authorizations	C-9	21,600.00
Balance December 31, 2011	C	**$ 209,400.00**

STATEMENT OF BOND ANTICIPATION NOTES

Purpose	Original Issue Amount	Original Date of Issue	Date of Issue	Date of Maturity	Interest Rate *	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Purchase & Installation of Recreation Equipment	$ 38,000.00	12/31/09	12/31/11	12/31/12	0.00%	$ 38,000.00	-	-	$ 38,000.00
Acquisition & Installation of Recreation & Development of Recreation Area-Green Acres	30,521.84	12/31/09	12/31/11	12/31/12	0.00%	30,521.84	-	-	30,521.84
Reconstruction of 11th Street & Ship Bottom Avenue	22,000.01	12/31/09	12/31/11	12/31/12	0.00%	22,000.01	-	-	22,000.01
Various Street Improvements	9,250.00	12/31/09	12/31/11	12/31/12	0.00%	9,250.00	-	-	9,250.00
Upgrades & Improvements to Municipal Bldg.	16,424.76	12/31/09	12/31/11	12/31/12	0.00%	16,424.76	-	-	16,424.76
Purchase of DPW Heavy Truck	27,234.86	12/31/09	12/31/11	12/31/12	0.00%	27,234.86	-	-	27,234.86
Road Reconstruction & Drainage Improvements	8,500.00	12/31/09	12/31/11	12/31/12	0.00%	8,500.00	-	-	8,500.00
Purchase of 2 4WD Construction Code Vehicles	27,786.88	12/31/09	12/31/11	12/31/12	0.00%	27,786.88	-	-	27,786.88
Purchase of Public Works Truck	29,921.00	12/31/09	12/31/11	12/31/12	0.00%	29,921.00	-	-	29,921.00
Improvements to 16th Street	142,500.00	12/31/09	12/31/11	12/31/12	0.00%	100,426.08	-	-	100,426.08
Purchase of Police Department Truck	26,793.00	12/31/09	12/31/11	12/31/12	0.00%	26,793.00	-	-	26,793.00
Acquisition & Installation of Recreation Equip., Compture Equip/Software Renovations/ Improvements to PW Facilities	109,000.00	12/31/09	12/31/11	12/31/12	0.00%	109,000.00	-	-	109,000.00
						$ 445,858.43	-	-	**$ 445,858.43**
					Ref.		C		C

STATEMENT OF BONDS AND NOTES AUTHORIZED AND UNISSUED

	Ordinance		Balance
	Date	Amount	Dec.31, 2011
Acquisition & Installation of: Recreation Equipment, Computer Equip./Software; Renovations/Impr. to PW Facilities	10/24/06	209,000.00	100,000.00
Improvements to 19th Street	4/24/07	142,500.00	45,724.68
Various Capital Improvements	2/25/08	403,750.00	272,352.91
Purchase Beach Operations Truck	3/25/08	19,000.00	15,091.50
Improvement of 12th St. & North Shore Avenue	3/24/09	166,250.00	49,504.46
Construction of New Borough Hall	9/22/09	5,500,000.00	5,500,000.00
Improvement to W. 13th Street	4/27/10	175,000.00	61,250.00
Purchase of Tractor	2/22/11	82,000.00	77,900.00
Reconstruction of Street-End Bulkheads	5/17/11	150,000.00	142,500.00
Improvement to North Shore Ave.	10/25/11	200,000.00	190,000.00
			$ 6,454,323.55
		Ref.	C

STATEMENT OF WATER/SEWER UTILITY CASH

COLLECTOR - TREASURER

	Ref.	Operating	Capital
Balance December 31, 2010	D	$ **259,427.55**	$ **272,299.63**
Increased by Receipts:			
Due To Utility Operating Fund	D-10	0.30	75,101.96
Miscellaneous Revenues	D-2	51,558.75	-
Water Rents Receivable	D-6	581,427.17	-
Sewer Rents Receivable	D-7	804,204.02	-
Total Receipts		1,437,190.24	75,101.96
Total Receipts and Balances		**1,696,617.79**	**347,401.59**
Decreased by Disbursements:			
2011 Budget Appropriations	D-3	1,203,981.73	-
2010 Appropriation Reserves	D-11	549.32	-
Accrued Interest on Bonds	D-12	96,613.64	-
Improvement Authorizations	D-13	-	315,056.67
Due Utility Operating Fund	D-3,D-10	75,000.00	102.26
Total Disbursements		1,376,144.69	315,158.93
Balance December 31, 2011	D	$ **320,473.10**	$ **32,242.66**

D-4a

STATEMENT OF WATER/SEWER UTILITY CASH AND RECONCILIATION PER N.J.S. 40A:5-5

COLLECTOR - TREASURER

	Operating	Capital
Balance December 31, 2011	$ 320,473.10	$ 32,242.66
Increased by Receipts	824,069.97	391,363.64
	1,144,543.07	423,606.30
Decreased by Disbursements	841,069.58	419,575.63
Balance July 31, 2012	$ 303,473.49	$ 4,030.67
Cash Reconciliation, July 31, 2012		
Balance per Statement of Sun National Bank	$ 303,473.49	$ 4,030.67

D-5

ANALYSIS OF CAPITAL CASH

	Ref.	Ordinance Date	Balance Dec. 31, 2011
Due to Utility Operating Fund	D		$ 568,315.60
Fund Balance	D		363.92
Due to Current Fund	D		41,996.61
Capital Improvement Fund	D		45,058.93
Due to General Capital Fund	D		109,821.42
Due from NJ Environmental Infrastructure Trust Financing	D		(286,031.00)
Water/Sewer Utility Infrastructure Upgrades		2/21/06	(44,135.00)
Water/Sewer Utility Infrastructure Upgrades		2/25/08	(142,500.00)
Water/Sewer Utility Infrastructure Upgrades		5/27/08	(54,362.08)
Water/Sewer Utility Infrastructure Upgrades		5/27/08	95,725.22
Water/Sewer Utility Infrastructure Upgrades		7/28/09	(302,010.96)
			$ 32,242.66

D-6

STATEMENT OF WATER RENTS RECEIVABLE

	Ref.	
Balance December 31, 2010	D	$ 42,701.85
Increased by:		
2011 Water Levy		544,275.98
		586,977.83
Decreased by:		
Collected	D-4	581,427.17
Balance December 31, 2011	D	**$ 5,550.66**

D-7

STATEMENT OF SEWER RENTS RECEIVABLE

	Ref.		
Balance December 31, 2010	D		$ 64,384.40
Increased by:			
2011 Sewer Levy			829,189.35
			893,573.75
Decreased by:			
Collected	D-4	$ 804,204.02	
Prepaid Rents Applied	D	7,915.01	
			812,119.03
Balance December 31, 2011	D		**$ 81,454.72**

D-8

STATEMENT OF FIXED CAPITAL

	Balance Dec. 31, 2010	Increased	Balance Dec. 31, 2011
Land	$ 2,700.00	-	$ 2,700.00
Water Plant, Pump Station & Equipment	167,567.12	-	167,567.12
Springs & Well Structure	148,831.46	-	148,831.46
Infrastructure, Distribution Mains & Equipment	7,929,155.55	-	7,929,155.55
Sewer Plant, Pump Station & Equipment	252,808.11	-	252,808.11
General Structures	76,120.08	-	76,120.08
Engineering, Organization & Interest	11,940.30	-	11,940.30
Fire Hydrant	3,592.34	-	3,592.34
Meter & Meter Accessories	153,175.62	-	153,175.62
Elevated Tank	97,750.00	-	97,750.00
Other Equipment	133,637.62	17,152.18	150,789.80
	$ 8,977,278.20	**17,152.18**	**$ 8,994,430.38**
Ref.	D	D-3	D

Note: The Fixed capital is taken from the local records and does not necessarily reflect the true condition of such Fixed Capital. The Sewer System was transferred at no cost to the Borough by the Ship Bottom Sewerage Authority upon liquidation. As such, no cost is carried for the Sewer System contributed.

D-9

STATEMENT OF FIXED CAPITAL AUTHORIZED & UNCOMPLETED

Purpose	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2011
Water/Sewer Utility Infrastructure Upgrade	2/25/2008	150,000.00	$ 150,000.00
Water/Sewer Infrastructure Upgrades	5/27/2008	1,350,000.00	1,350,000.00
Water/Sewer Infrastructure Upgrades	5/27/2008	850,000.00	850,000.00
Water/Sewer Infrastructure Upgrades	7/28/2009	400,000.00	400,000.00
			$ 2,750,000.00
		Ref.	D

STATEMENT OF DUE TO UTILITY OPERATING FUND
UTILITY CAPITAL FUND

	Ref.		
Balance December 31, 2010	D		$ 503,315.90
Increased by:			
Interest Earned in Utility Capital Fund	D-4	$ 101.96	
Interfund Loan from Operating Fund	D-4	75,000.00	
			75,101.96
			578,417.86
Decreased by:			
Budget Appropriation	D-3	10,000.00	
Paid to Utility Operating Fund	D-4	102.26	
			10,102.26
Balance December 31, 2011	D		**$ 568,315.60**

STATEMENT OF 2010 APPROPRIATION RESERVES

Appropriation	Balance Dec. 31, 2010	Expended	Balance Lapsed
Operating:			
Other Expenses	$ 171,061.78	549.32	170,512.46
Other Accounts with No Change	119,317.99	-	119,317.99
	$ 290,379.77	**549.32**	**289,830.45**
Ref.	D	D-4	D-1

Balance, 12/31/09	$ 289,829.77
Accounts Payable	550.00
	$ 290,379.77

D-11a

STATEMENT OF DUE TO CURRENT FUND
UTILITY OPERATING FUND

	Ref.		
Balance December 31, 2010	D		$ 64,094.61
Increased by:			
Budget appropriation-BAN	D-19	$ 7,700.00	
Bond Interest paid by Current Fund	D-3	2,500.00	
			10,200.00
Balance December 31, 2011	D		**$ 74,294.61**

D-12

STATEMENT OF ACCRUED INTEREST ON BONDS

	Ref.		
Balance December 31, 2010	D		$ 45,368.73
Increased by:			
Budget Appropriation to Pay Interest	D-3		95,181.37
			140,550.10
Decreased by:			
Interest Paid on Bonds & Notes	D-4	$ 96,613.64	
Interest Paid on Bonds & Notes-Current Fund	D-11	2,500.00	
			99,113.64
Balance December 31, 2011	D		**$ 41,436.46**

Analysis of Balance, December 31, 2011

	Principal	Interest Rate	From	To	Months	Accrued Interest
1998	$ 240,000.00	4.30%	10/15/2011	12/31/2011	2 1/2	$ 2,150.00
NJEIT	$ 595,000.00	variable	8/1/2011	12/31/2011	5	13,781.25
NJEIT	$ 790,000.00	variable	8/1/2011	12/31/2011	5	16,901.04
2004	$ 1,475,000.00	variable	11/1/2011	12/31/2011	2	8,604.17
						$ 41,436.46

STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Expended	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
Water/Sewer Utility Infrastructure Upgrades	5/27/08	$ 1,350,000.00	$ -	174,856.80	-	286.88	-	174,569.92
Water/Sewer Utility Infrastructure Upgrades	5/27/08	850,000.00	95,725.22	318,034.00	-	-	95,725.22	318,034.00
Water/Sewer Utility Infrastructure Upgrades	07/28/09	400,000.00	12,758.83	380,000.00	-	314,769.79	-	77,989.04
			$ 108,484.05	**872,890.80**	-	**315,056.67**	**95,725.22**	**570,592.96**
		Ref.	D	D		D-4,D-10	D	D

STATEMENT OF SERIAL BONDS
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Interest Rate	Maturity Date	Schedule Amount	Balance Dec. 31, 2010	2011 Issued	Paid	Balance Dec. 31, 2011
Upgrade System	10/15/98	$ 1,420,000.00	4.30%	10/15/12-13	120,000.00	$ 345,000.00	-	105,000.00	240,000.00
Upgrade System-NJ Environmental Infrastructure Trust (**)	10/15/99	$ 1,110,000.00	5.50%	8/1/2012	60,000.00				
			5.50%	8/1/2013	65,000.00				
			5.50%	8/1/14-15	70,000.00				
			5.50%	8/1/2016	75,000.00				
			5.50%	8/1/2017	80,000.00				
			5.70%	8/1/2018	85,000.00				
			5.70%	8/1/2019	90,000.00	655,000.00	-	60,000.00	595,000.00
Upgrade System-NJ Environmental Infrastructure Trust (**)	10/15/99	$ 1,071,421.00	0.00%	2/1/2012	8,724.29				
				8/1/2012	46,514.19				
				2/1/2013	7,685.07				
				8/1/2013	48,624.13				
				2/1/2014	6,559.25				
				8/1/2014	50,647.46				
				2/1/2015	5,346.82				
				8/1/2015	49,435.03				
				2/1/2015	5,346.82				
				8/1/2015	49,435.03				
				2/1/2016	4,134.40				
				8/1/2016	51,371.77				

STATEMENT OF SERIAL BONDS (cont'd)
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Interest Rate	Maturity Date	Schedule Amount	Balance Dec. 31, 2010	2011 Issued	Paid	Balance Dec. 31, 2011
Upgrade System-NJ Environmental Infrastructure Trust (**), continued				2/1/2017	2,835.37				
				8/1/2017	53,221.90				
				2/1/2018	1,449.74				
				8/1/2018	54,985.43				
				2/1/2019	(76.03)				
				8/1/2019	56,608.82	505,384.56	-	57,316.93	448,067.63
Utility Bonds	12/1/04	$ 2,405,000.00	3.500%	5/1/12	175,000.00				
			3.500%	5/1/13-14	180,000.00				
			3.500%	5/1/15	185,000.00				
			3.625%	5/1/16	185,000.00				
			3.750%	5/1/17	185,000.00				
			3.800%	5/1/18	185,000.00				
			4.000%	5/1/19	200,000.00	1,645,000.00	-	170,000.00	1,475,000.00
Upgrade System-NJ Environmental Infrastructure Trust CW (**)	6/20/08	$ 275,000.00	5.000%	8/1/12-16	10,000.00				
			5.000%	8/1/17-18	15,000.00				
			5.250%	8/1/19	15,000.00				
			5.500%	8/1/20-23	15,000.00				
			5.000%	8/1/24-28	20,000.00	265,000.00	-	10,000.00	255,000.00

STATEMENT OF SERIAL BONDS (cont'd)
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Interest Rate	Maturity Date	Schedule Amount	Balance Dec. 31, 2010	2011 Issued	Paid	Balance Dec. 31, 2011
Upgrade System-NJ Environmental Infrastructure Trust CW (**)	6/20/08	$ 256,966.00		2/1/2012	3,857.80				
				8/1/2012	9,753.21				
				2/1/2013	3,710.42				
				8/1/2013	9,605.82				
				2/1/2014	3,563.03				
				8/1/2014	9,458.44				
				2/1/2015	3,415.65				
				8/1/2015	9,311.05				
				2/1/2016	3,268.26				
				8/1/2016	9,163.67				
				2/1/2017	3,120.88				
				8/1/2017	11,963.98				
				2/1/2018	2,899.80				
				8/1/2018	11,742.91				
				2/1/2019	2,678.72				
				8/1/2019	11,521.83				
				2/1/2020	2,446.59				
				8/1/2020	11,289.70				
				2/1/2021	2,203.40				
				8/1/2021	11,046.51				
				2/1/2022	1,960.22				
				8/1/2022	10,803.33				
				2/1/2023	1,717.03				
				8/1/2023	10,560.14				
				2/1/2024	1,473.85				
				8/1/2024	13,264.66				
				2/1/2025	1,179.08				
				8/1/2025	12,969.89				
				2/1/2026	884.31				
				8/1/2026	12,675.12				

STATEMENT OF SERIAL BONDS (cont'd)
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Interest Rate	Maturity Date	Schedule Amount	Balance Dec. 31, 2010	2011 Issued	Paid	Balance Dec. 31, 2011
Upgrade System-NJ Environmental Infrastructure Trust CW (**), continued				2/1/2027	589.54				
				8/1/2027	12,380.35				
				2/1/2028	294.77				
				8/1/2028	12,085.71	242,765.45	-	13,905.78	228,859.67
Upgrade System-NJ Environmental Infrastructure Trust DW (**)	6/20/08	$ 575,000.00	5.000%	8/1/12-13	20,000.00				
			5.000%	8/1/14-17	25,000.00				
			5.000%	8/1/18	30,000.00				
			5.250%	8/1/19	30,000.00				
			5.500%	8/1/20-21	30,000.00				
			5.500%	8/1/22-23	35,000.00				
			5.000%	8/1/24	35,000.00				
			5.000%	8/1/25-26	40,000.00				
			5.000%	8/1/27-28	45,000.00	555,000.00	-	20,000.00	535,000.00
Upgrade System-NJ Environmental Infrastructure Trust DW (**)	6/20/08	$ 546,068.00		2/1/2012	8,223.87				
				8/1/2012	20,196.74				
				2/1/2013	7,924.54				
				8/1/2013	19,897.42				
				2/1/2014	7,625.22				
				8/1/2014	22,591.32				
				2/1/2015	7,251.07				
				8/1/2015	22,217.17				
				2/1/2016	6,876.92				
				8/1/2016	21,843.01				
				2/1/2017	6,502.76				
				8/1/2017	21,468.86				

STATEMENT OF SERIAL BONDS (cont'd)
WATER/SEWER UTILITY

Purpose	Ordinance Date	Ordinance Amount	Interest Rate	Maturity Date	Schedule Amount	Balance Dec. 31, 2010	2011 Issued	Paid	Balance Dec. 31, 2011
Upgrade System-NJ Environmental Infrastructure Trust DW (**), continued				2/1/2018	6,128.61				
				8/1/2018	24,087.93				
				2/1/2019	5,679.63				
				8/1/2019	23,638.95				
				2/1/2020	5,208.20				
				8/1/2020	23,167.51				
				2/1/2021	4,714.32				
				8/1/2021	22,673.63				
				2/1/2022	4,220.43				
				8/1/2022	25,172.97				
				2/1/2023	3,644.24				
				8/1/2023	24,596.78				
				2/1/2024	3,068.04				
				8/1/2024	24,020.58				
				2/1/2025	2,544.23				
				8/1/2025	26,489.99				
				2/1/2026	1,945.59				
				8/1/2026	25,891.34				
				2/1/2027	1,346.94				
				8/1/2027	28,285.92				
				2/1/2028	673.47				
				8/1/2028	27,612.64	516,450.10	-	29,019.26	487,430.84
						$ 4,729,600.11	-	**465,241.97**	**4,264,358.14**
					Ref.	D			D

(**) NJ Environmental Infrastructure Trust is a loan made on a reimbursement method. As the Borough expends the funds, they receive reimbursements up to the full amount of loans. A loan receivable amount is reflected on the Utility Capital Fund Balance Sheet for the amount outstanding each year.

D-15

STATEMENT OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2010	D	$ 35,058.93
Increased by:		
Budget Appropriation	D-3	10,000.00
Balance December 31, 2011	D	$ 45,058.93

D-16

STATEMENT OF RESERVE FOR AMORTIZATION

	Ref.		
Balance December 31, 2010	D		$ 4,356,547.09
Increased by:			
Capital Outlay	D-3&D-11	$ 17,152.18	
Serial Bonds Paid	D-14	465,241.97	
			482,394.15
Balance December 31, 2011	D		$ 4,838,941.24

STATEMENT OF DEFERRED RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2010	D	**$ 710,230.00**
Increased by:		
Payments on Bond Anticipation Notes	D-13	7,700.00
Balance December 31, 2011	D	**$ 717,930.00**

STATEMENT OF BONDS & NOTES AUTHORIZED & UNISSUED

	Ordinance		Balance
Purpose	Date	Amount	Dec. 31, 2011
Water/Sewer Infrastructure Upgrades	2/21/06	285,000.00	44,135.00
Water/Sewer Infrastructure Upgrades	2/25/08	142,500.00	142,500.00
Water/Sewer Infrastructure Upgrades	5/27/08	1,350,000.00	228,932.00
Water/Sewer Infrastructure Upgrades	5/27/08	850,000.00	318,034.00
Water/Sewer Infrastructure Upgrades	7/28/09	380,000.00	380,000.00
			$ 1,113,601.00

STATEMENT OF BOND ANTICIPATION NOTES

Purpose	Original Date of Issue	Date of Maturity	Interest Rate *	Balance Dec. 31, 2011
Water/Sewer Infrastructure Upgrades *	12/20/07	12/20/12	0.00%	$ 459,600.00
Upgrade & Refurbishing of Water/Sewer System*	12/31/09	12/31/12	0.00%	82,135.00
Water/Sewer Infrastructure Upgrades & Acquisition of Utility Truck*	12/31/09	12/31/12	0.00%	3,250.00
Purchase of 4WD Utility Truck*	12/31/09	12/31/12	0.00%	23,750.00
Water/Sewer Infrastructure Upgrades *	12/31/09	12/31/12	0.00%	240,865.00
				$ 809,600.00
			Ref.	C

* Purchased by Municipality

E-1

STATEMENT OF PUBLIC ASSISTANCE FUND CASH

	Ref.	
Balance December 31, 2011 and 2010	E	**$ 474.04**

E-2

STATEMENT OF PUBLIC ASSISTANCE FUND CASH AND RECONCILIATION PER N.J.S. 40A:5-5

Balance July 31, 2012 and December 31, 2011	**$ 474.04**

Cash Reconciliation, July 31, 2012

Balance per Statement of:	
Bank of America - Checking Account	**$ 474.04**

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

Cash receipts from fees, rents or other charges for year		$1,754,104.95
Deductions:		
Operating & Maintenance Costs	$987,800.00	
Debt Service per Water/Sewer Account	538,123.34	
		1,525,923.34
Excess in Revenues		$ 228,181.61

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2011	2010	2009
Tax Rate	0.991	0.964	0.971
Apportionment of Tax Rate			
Municipal	0.337	0.320	0.305
County	0.391	0.388	0.379
Local School	0.046	0.045	0.048
Regional School	0.217	0.211	0.239

Assessed Valuation	
2011	$1,111,087,500
2010	1,107,843,900
2009	1,099,489,150

COMPARISON OF TAX LEVIES & COLLECTION CURRENTLY

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

		---------- Currently ----------	
		Cash	Percentage
Year	Tax Levy	Collection	of Collection
2011	$11,043,777.59	10,770,357.53	97.52%
2010	10,712,758.70	10,417,951.46	97.24%
2009	10,727,129.12	10,398,223.02	96.93%

DELINQUENT TAXES & 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.

Dec. 31, Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	$17,822.09	255,017.18	272,839.27	2.47%
2010	16,580.70	271,480.45	288,061.15	2.68%
2009	15,372.48	315,359.87	330,732.35	3.14%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties were acquired in 2011 by foreclosure as a result of liquidation of tax title liens. The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation on such properties was as follows:

2011	$ 20,010.00
2010	20,010.00
2009	20,010.00

COMPARISON OF WATER/SEWER UTILITY LEVIES

Year	Levy	Cash Collections	Percentage of Collection
2011	$ 1,373,465.33	1,286,459.95	93.66%
2010	1,383,791.87	1,276,705.62	92.26%
2009	1,367,602.44	1,232,436.81	90.16%

COMPARATIVE SCHEDULE OF FUND BALANCE

	Year	Balance, December 31	Utilized in Budget of Succeeding Year
Current Fund:	2011	$1,211,353.78	1,025,000.00
	2010	1,026,422.60	1,000,000.00
	2009	1,062,843.87	1,009,000.00
	2008	1,220,897.29	1,100,000.00
	2007	1,356,745.22	1,129,000.00
Water/Sewer Fund:	2011	$523,997.39	315,000.00
	2010	354,985.33	309,000.00
	2009	482,622.45	450,000.00
	2008	380,861.46	380,000.00
	2007	709,512.31	597,000.00

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

	Year 2011		Year 2010	
	Amount	%	Amount	%
Revenue & Other Income Realized				
Fund Balance Utilized	$ 1,000,000.00	6.93%	$ 1,009,000.00	7.26%
Miscellaneous - From Other Than Local Property Taxes	2,395,281.86	16.61%	2,174,760.59	15.64%
Collection of Delinquent Taxes & Tax Title Liens	254,701.58	1.77%	302,011.38	2.17%
Collection of Current Tax Levy	10,770,357.53	74.69%	10,417,951.46	74.93%
Total Income	**14,420,340.97**	**100.00%**	**13,903,723.43**	**100.00%**
Expenditures				
Budget Expenditures:				
Municipal Purposes	5,942,359.03	44.90%	5,718,993.01	44.23%
County Taxes	4,353,233.81	32.89%	4,312,983.02	33.35%
Local & Regional School Taxes	2,921,520.23	22.07%	2,838,636.98	21.95%
Other Expenditures	18,296.72	0.14%	60,531.69	0.47%
Total Expenditures	**13,235,409.79**	**100.00%**	**12,931,144.70**	**100.00%**
Less: Expenditures to be Raised by Future Taxes	-		-	
Total Adjusted Expenditures	**13,235,409.79**		**12,931,144.70**	
Excess in Revenue	1,184,931.18		972,578.73	
Fund Balance, January 1	1,026,422.60		1,062,843.87	
	2,211,353.78		**2,035,422.60**	
Less: Utilized as Anticipated Revenue	1,000,000.00		1,009,000.00	
Fund Balance, December 31	**$ 1,211,353.78**		**$ 1,026,422.60**	

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

	Year 2011		Year 2010	
	Amount	%	Amount	%
Revenue & Other Income Realized				
Fund Balance Utilized	$ 309,000.00	15.12%	$ 450,000.00	21.15%
Collection of Water Rents	581,427.17	28.45%	615,041.07	28.91%
Collection of Sewer Rents	812,119.03	39.73%	796,830.18	37.45%
Miscellaneous - From Other Than Utility Rents	341,389.20	16.70%	265,881.42	12.50%
Total Income	**2,043,935.40**	**100.00%**	**2,127,752.67**	**100.00%**
Expenditures				
Budget Expenditures:				
Operating	975,800.00	62.31%	1,128,300.00	62.50%
Capital Improvements	40,000.00	2.55%	40,000.00	2.22%
Deferred Charges & Statutory Expenditures	12,000.00	0.77%	29,000.00	1.61%
Debt Service	538,123.34	34.36%	608,089.79	33.68%
Other Expenditures	-	0.00%	-	0.00%
Total Expenditures	**1,565,923.34**	**100.00%**	**1,805,389.79**	**100.00%**
Excess in Revenue	478,012.06		322,362.88	
Fund Balance, January 1	354,985.33		482,622.45	
	832,997.39		**804,985.33**	
Less: Utilized as Anticipated Revenue	309,000.00		450,000.00	
Fund Balance, December 31	**$ 523,997.39**		**$ 354,985.33**	

OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title	Amount of Bond	Name of Corporate Surety
William Huelsenbeck	Mayor		
Edward English	President of Council		
Robert E. Gleason	Councilman		
Frank C. Malatino	Councilman		
Peter Rossi	Councilman		
Richard J. Sinopoli	Councilman		
Tom Tallon	Councilman		
Kathleen Wells	Clerk, Improvement Search Officer	*	
T. Richard Bethea	Administrator, Chief Financial Officer, Tax Collector	*	
Linda E. Eliason-Ash	Deputy Tax Collector	$100,000.00	JIF
Carol A. Potter	Utility Rents Collector	*	"
Anthony R. Mautone, Jr.	Municipal Court Judge	*	"
Barbara A. Courts	Court Administrator	*	"
William J. Procacci	Assessor		
Christopher J. Connors	Solicitor		
Frank J. Little, Jr.	Engineer		

All of the bonds were examined and appear to be properly executed.

* Ocean County Municipal Joint Insurance Fund (JIF) Blanket Crime Coverage in the amount of $1,000,000.00.

All other Officials and Employees are covered under a blanket policy issued by the Ocean County Municipal Joint Insurance Fund (JIF) in the amount of $50,000.00.

BOROUGH OF SHIP BOTTOM

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to section 3 of P.L. 1971, c.198 (C.40A: 11-3), except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed $36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Road Reconstruction, and Water Storage Tank Repair/Repainting.

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

Disbursements were reviewed to determine whether any clear cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts, or agreements in excess of $36,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously been adopted under the provision of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes

The Statute provides the method for authorizing interest and the maximum rates to be charged for non-payment of taxes on or before the date when they would become delinquent.

The governing body adopted a resolution authorizing interest to be charged for non-payment of taxes on or before the date when they would become delinquent at the rate of 8% per annum on amounts up to $1,500.00, 18% on amounts over $1,500.00. There is also a 10-day grace period prior to charging interest.

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on November 9, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

Year	Number of Liens
2011	1
2010	1
2009	1

Verification of Delinquent Taxes and Other Charges

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

Type	Number Mailed
Payment of 2012 Taxes	37
Payment of 2011 Taxes	37
Delinquent Taxes	15
Payment of Water/Sewer Utility Charges	37
Delinquent Water/Sewer Utility Charges	12

The results of the test, which was made as of December 31, 2011, is not yet known, but a separate report will be filed if any irregularities are disclosed.

Follow-up of Prior-Year Findings

There were no prior-year findings.

* * *

Should any questions arise as to my comments or recommendations, please do not hesitate to contact me.

Respectfully submitted,

MICHAEL P. GROSS
Registered Municipal Accountant (No.20CR000535)
Certified Public Accountant (No.CC025466)

Ship Bottom, New Jersey
August 28, 2012