

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED**

**DECEMBER 31, 2012**

***Oliwa & Company***  
Certified Public Accountants

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**Year Ended December 31, 2012**

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**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
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**PART I**

**INDEPENDENT AUDITOR'S REPORTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

# *Oliwa & Company*

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Lavallette  
County of Ocean  
Lavallette, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and the account group of the Borough of Lavallette, County of Ocean, State of New Jersey (the "Borough") as of December 31, 2012 and 2011, the related statements of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

## **Auditor's Responsibility (Continued)**

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the Borough prepares its financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, or changes in its financial position for the years then ended.

### **Basis for Qualified Opinion on the General Fixed Assets Account Group**

The Borough did not record capital asset additions and dispositions occurring in 2012 to the General Fixed Assets Account Group - Regulatory Basis as of December 31, 2012. It was not practicable to determine capital asset additions and dispositions occurring in 2012 that should have recorded in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund**

The financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 48.23% and 55.44% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund as of December 31, 2012 and 2011, respectively.

### **Disclaimer of Opinion on Length of Service Award Program Fund**

Since the financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP Fund financial statements.

## **Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of such adjustments had capital asset additions and dispositions occurring in 2012 been recorded to the Borough's general fixed assets account group, the regulatory basis financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the various funds and the account group of the Borough as of December 31, 2012 and 2011, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, the statements of revenues - regulatory basis and the statements of expenditures - regulatory basis for the year ended December 31, 2012 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's basic financial statements. The supplementary schedules and comments section listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the basic financial statements. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 23, 2013 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



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

*Oliwa & Company*

Freehold, New Jersey  
August 23, 2013

# *Oliwa & Company*

Certified Public Accountants

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Lavallette  
County of Ocean  
Lavallette, New Jersey

We have audited, in accordance with the 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, the regulatory basis financial statements of the Borough of Lavallette, County of Ocean, State of New Jersey (the "Borough") as of and for the year ended December 31, 2012, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated August 23, 2013, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In addition, we expressed a qualified opinion on the regulatory basis financial statements since the Division of Local Government Services, Department of Community Affairs, State of New Jersey does not require the Length of Service Award Program Fund to be audited, and due to the effect of any adjustments that might have been determined to be necessary had capital asset additions and dispositions occurring in 2012 been recorded to the Borough's general fixed assets account group.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

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## **Internal Control Over Financial Reporting (continued)**

by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying comments and recommendations section as Finding #2012-1, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

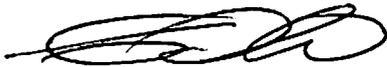
As part of obtaining reasonable assurance about whether the Borough's regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

## **Borough's Response to Findings**

The Borough's response to the finding in our audit is described in the accompanying comments and recommendations section. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

*Oliwa & Company*

Freehold, New Jersey  
August 23, 2013

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents:			
Cash	1-A	\$4,187,897.02	\$2,888,612.25
Change Funds		400.00	100.00
Due from State of New Jersey (PL 1971, Ch.20)	2-A	622.44	1,500.51
		<u>4,188,919.46</u>	<u>2,890,212.76</u>
Receivables and Other Assets with Full Reserves:			
Cash Advance - Magistrate	10-A	100.00	100.00
Delinquent Property Taxes Receivable	3-A	565,339.74	389,847.28
Tax Title Liens Receivable	4-A	1,533.33	1,175.08
Due from Animal Control Fund	6-A		60.00
Revenue Accounts Receivable	5-A	3,165.03	5,897.61
	A	<u>570,138.10</u>	<u>397,079.97</u>
		<u>4,759,057.56</u>	<u>3,287,292.73</u>
Deferred Charge:			
Special Emergency Authorization (40A:4-54)		<u>4,000,000.00</u>	
		<u>8,759,057.56</u>	<u>3,287,292.73</u>
Federal and State Grant Fund:			
Due from Current Fund	15-A	33,626.83	34,443.29
Grants Receivable	16-A	46,265.68	39,493.69
		<u>79,892.51</u>	<u>73,936.98</u>
		<u>\$8,838,950.07</u>	<u>\$3,361,229.71</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3,7-A	\$233,478.97	\$141,716.89
Encumbrances Payable	9-A	197,640.71	122,973.92
Accounts Payable		34,165.20	15,094.00
County Taxes Payable	11-A	18,007.02	55,722.68
Prepaid Taxes	12-A	152,523.22	216,011.60
Tax Overpayments	13-A	8,276.70	8,915.77
Local District School Tax Payable	14-A	474,715.72	1,061,219.82
Due to Federal and State Grant Fund	8-A	33,626.83	34,443.29
Special Emergency Notes Payable		4,000,000.00	
Reserve for Hurricane Sandy		1,939,636.74	
Reserve for FEMA		85,180.13	
Reserve for Goose Patrol		1,320.00	
Reserve for Private Donations		1,150.00	1,150.00
Reserve for Insurance Claims			9,637.50
		<u>7,179,721.24</u>	<u>1,666,885.47</u>
Reserve for Receivables	A	570,138.10	397,079.97
Fund Balance	A-1	1,009,198.22	1,223,327.29
		<u>8,759,057.56</u>	<u>3,287,292.73</u>
Federal and State Grant Fund:			
Encumbrances Payable	17-A	2,254.19	2,703.15
Appropriated Reserves	18-A	63,619.99	52,376.98
Unappropriated Reserves	19-A	9,718.28	14,556.80
Due to Grantor		4,300.05	4,300.05
		<u>79,892.51</u>	<u>73,936.98</u>
		<u>\$8,838,950.07</u>	<u>\$3,361,229.71</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$775,000.00	\$668,000.00
Miscellaneous Revenue Anticipated	A-2	1,375,732.80	1,456,588.29
Receipts from Delinquent Taxes	A-2	339,347.46	398,989.22
Receipts from Current Taxes	A-2	16,427,559.03	16,248,559.84
Non-Budget Revenues	A-2	210,858.26	258,006.33
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	7-A	151,450.05	160,608.45
Cancellation of Accounts Payable		3,056.90	
Prior Year Interfunds Returned		60.00	
Miscellaneous		50.00	
Total Revenue		<u>19,283,114.50</u>	<u>19,190,752.13</u>
<b><u>Expenditures</u></b>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	3,163,080.00	3,188,544.00
Other Expenses	A-3	6,292,410.69	2,196,658.00
Deferred Charges and Statutory Expenditures	A-3	640,936.00	642,990.01
Budget Appropriations Excluded From CAPS:			
Operations:			
Other Expenses	A-3	150,618.85	158,847.16
Capital Improvements	A-3	23,853.34	23,436.00
Municipal Debt Service	A-3	535,008.56	547,041.59
County Taxes	11-A	8,220,146.13	7,895,689.45
Local District School Taxes	14-A	3,696,190.00	3,682,492.00
Interfunds Advanced			60.00
Prior Year Senior Citizens and Veterans Disallowed			425.34
Total Expenditures		<u>22,722,243.57</u>	<u>18,336,183.55</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
(Deficit)/Excess in Revenue		(\$3,439,129.07)	\$854,568.58
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which Are by Statute			
Deferred Charges to Budgets of Succeeding Years		<u>4,000,000.00</u>	
Statutory Excess to Fund Balance		560,870.93	854,568.58
Fund Balance January 1	A	<u>1,223,327.29</u>	<u>1,036,758.71</u>
		1,784,198.22	1,891,327.29
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>775,000.00</u>	<u>668,000.00</u>
Fund Balance December 31	A	<u><u>\$1,009,198.22</u></u>	<u><u>\$1,223,327.29</u></u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$775,000.00		\$775,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	5-A	12,000.00		12,650.00	\$650.00
Other	5-A	13,000.00		17,706.00	4,706.00
Fees and Permits	5-A	33,500.00		33,335.00	(165.00)
Municipal Court Fines and Costs	5-A	155,000.00		141,882.47	(13,117.53)
Interest and Costs on Taxes	5-A	62,500.00		55,541.01	(6,958.99)
Parking Meters	5-A	30,000.00		31,250.00	1,250.00
Interest on Investments and Deposits	5-A	3,000.00		2,091.22	(908.78)
Beach Fees	5-A	800,000.00		829,248.75	29,248.75
Cable TV Franchise Fees	5-A	23,411.00		23,411.00	
Energy Receipts Tax	5-A	168,609.00		168,609.00	
Recycling Tonnage Grant	16-A	6,842.55		6,842.55	
Drunk Driving Enforcement Fund	16-A	4,919.99		4,919.99	
Clean Communities Program	16-A		\$9,714.05	9,714.05	
Alcohol Education and Rehabilitation Fund	16-A	1,186.56		1,186.56	
Municipal Alliance on Alcoholism and Drug Abuse	16-A	21,000.00		21,000.00	
Local Arts Program	16-A	750.00		750.00	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Miscellaneous Revenues (continued):					
Body Armor Replacement Fund	16-A	\$1,607.70		\$1,607.70	
Ocean County Tourism Grant	16-A		\$1,150.00	1,150.00	
COPS in Shops	16-A		1,200.00	1,200.00	
Insurance Reimbursement - Police Car	5-A	9,637.50		9,637.50	
Private Donations - Holiday Decorations	5-A	3,853.34		2,000.00	
	A-1	<u>1,350,817.64</u>	<u>12,064.05</u>	<u>1,375,732.80</u>	<u>\$14,704.45</u>
Receipts From Delinquent Taxes	A-1,A-2	<u>386,000.00</u>		<u>339,347.46</u>	<u>(46,652.54)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2,3-A	<u>5,025,984.80</u>		<u>5,023,738.20</u>	<u>(2,246.60)</u>
Budget Totals		7,537,802.44	12,064.05	7,513,818.46	<u>(\$34,194.69)</u>
Non-Budget Revenues	A-1,A-2			210,858.26	
		<u>\$7,537,802.44</u>	<u>\$12,064.05</u>	<u>\$7,724,676.72</u>	
	<u>Ref.</u>	A-3	A-3		

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
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**Year Ended December 31, 2012**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,3-A	\$16,427,559.03
Allocated to School and County Taxes		<u>11,916,336.13</u>
Balance for Support of Municipal Budget Appropriations		4,511,222.90
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>512,515.30</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$5,023,738.20</u></u>
 <b><u>Receipts from Delinquent Taxes</u></b>		
Delinquent Tax Collections	A-2,3-A	<u><u>\$339,347.46</u></u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
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**Analysis of Non-Budget Revenues**

T-Mobile and Metro PCS	\$69,258.16
FEMA Reimbursements	43,799.30
Verizon Mobile Contract	28,895.36
Zoning Application Fees	12,210.00
Sale of Municipal Assets	7,857.11
Gazebo/Pavilion Use Fee	6,850.00
Certificates of Occupancy	5,900.00
Street Openings	5,100.00
Appliance/Cleanup Fees	4,818.00
Vendor Activity Fees	4,706.70
Mercer County WMFM License	4,444.91
Tennis Fees	3,772.50
Off-Duty Police Administrative Fee	3,394.20
Other Miscellaneous Revenue	2,992.85
Beautification Donation	1,903.34
Mayoral Marriage Fees	1,200.00
Senior Citizens & Veterans Administrative Fee	1,188.45
Residential Parking Permit Fee	600.00
Police Reports and Fees	458.20
Newspaper Vending Machines	430.00
Special Event Application Fees	375.00
Homestead Rebate Administrative Fee	256.80
Waterfront Owners List	140.00
Copies	137.38
Returned Check Charges	120.00
Business Registration Fees	50.00
	<u>\$210,858.26</u>

**Ref.**      A-1,A-2,1-A

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>Operations Within "CAPS"</u></b>					
<b>GENERAL GOVERNMENT</b>					
<b>General Administration:</b>					
Salaries and Wages	\$57,250.00	\$57,250.00	\$53,111.30	\$4,138.70	
Other Expenses	3,000.00	3,000.00	2,017.48	982.52	
<b>Human Resources (Personnel):</b>					
Other Expenses	1,000.00	1,000.00			\$1,000.00
<b>Mayor and Council:</b>					
Salaries and Wages	16,700.00	16,800.00	16,738.66	61.34	
Other Expenses	7,150.00	7,050.00	5,111.66	1,938.34	
<b>Municipal Clerk:</b>					
Salaries and Wages	61,500.00	61,500.00	56,273.91	5,226.09	
Printing and Legal Advertising	11,000.00	11,000.00	10,635.03	364.97	
Office Equipment	2,400.00	2,400.00	2,220.38	179.62	
Miscellaneous Other Expenses	7,000.00	7,000.00	5,870.75	1,129.25	
Elections	1,000.00	1,000.00	226.37	773.63	
<b>Financial Administration (Treasury):</b>					
Salaries and Wages	53,000.00	53,000.00	49,177.44	3,822.56	
Other Expenses	13,000.00	13,000.00	11,983.44	1,016.56	
<b>Audit Services:</b>					
Other Expenses	12,600.00	12,600.00	12,600.00		
<b>Computerized Data Processing:</b>					
Other Expenses	7,500.00	7,500.00	6,004.29	1,495.71	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Revenue Administration (Tax Collection):					
Salaries and Wages	\$43,250.00	\$43,250.00	\$42,963.13	\$286.87	
Other Expenses	5,985.00	5,985.00	3,847.80	2,137.20	
Tax Assessment Administration:					
Salaries and Wages	20,800.00	20,800.00	20,698.08	101.92	
Other Expenses	1,900.00	1,900.00	1,321.00	579.00	
Legal Services (Legal Department):					
Other Expenses	60,000.00	60,000.00	55,429.39	4,570.61	
Engineering Services:					
Other Expenses	20,500.00	20,500.00	12,048.17	8,451.83	
Tax Map Update	1,500.00	1,500.00	867.50	632.50	
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	5,200.00	5,200.00	4,653.37	546.63	
Other Expenses	9,350.00	9,350.00	4,848.39	1,001.61	\$3,500.00
Zoning Board of Adjustment:					
Salaries and Wages	14,500.00	14,500.00	12,694.14	1,805.86	
Other Expenses	900.00	900.00	388.78	511.22	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Official:					
Salaries and Wages	\$100.00	\$100.00		\$100.00	
Other Expenses	100.00	100.00		100.00	
Code Enforcement Officer:					
Salaries and Wages	14,500.00	14,500.00	\$12,694.56	1,805.44	
Other Expenses	900.00	900.00	437.46	462.54	
INSURANCE					
General Liability	105,250.00	105,250.00	89,882.69		\$15,367.31
Worker's Compensation	195,500.00	195,500.00	195,500.00		
Employee Group Health	849,302.00	849,302.00	833,971.97	15,330.03	
Health Benefits Waiver	1.00	1.00		1.00	
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	1,732,500.00	1,732,500.00	1,624,003.33	28,496.67	80,000.00
Other Expenses	127,520.00	127,520.00	125,333.39	2,186.61	
Office of Emergency Management:					
Salaries and Wages	4,875.00	4,875.00	4,875.00		
Other Expenses	6,600.00	6,600.00	3,108.10	3,491.90	
Aid to Volunteer Fire Companies	42,150.00	42,150.00	42,099.94	50.06	
First Aid Contribution	28,000.00	28,000.00	28,000.00		

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**STATE OF NEW JERSEY**

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**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>Operations Within "CAPS"</u></b>					
Fire Department:					
Fire Hydrant Service	\$27,500.00	\$27,500.00	\$27,080.52	\$419.48	
Municipal Prosecutor's Office:					
Other Expenses	21,500.00	21,500.00	17,000.00	500.00	\$4,000.00
Municipal Court:					
Salaries and Wages	96,000.00	96,000.00	86,393.24	2,606.76	7,000.00
Other Expenses	8,470.00	8,470.00	4,489.31	3,980.69	
Public Defender:					
Other Expenses	4,500.00	4,500.00		4,500.00	
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance:					
Other Expenses	9,100.00	9,100.00	8,931.27	168.73	
Schedule C	24,000.00	24,000.00	16,850.18	7,149.82	
Other Public Works Functions:					
Salaries and Wages	930,200.00	930,200.00	783,106.39	47,093.61	100,000.00
Other Expenses	26,400.00	26,400.00	24,814.30	1,585.70	
Solid Waste Collection:					
Garbage	4,000.00	4,000.00	3,690.75	309.25	
Recycling and Source Separation	6,000.00	6,000.00	5,966.03	33.97	
Building and Grounds:					
Other Expenses	35,500.00	35,500.00	34,453.97	1,046.03	
Vehicle Maintenance:					
Other Expenses	62,500.00	74,500.00	72,406.93	2,093.07	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**STATE OF NEW JERSEY**

**CURRENT FUND**  
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**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
Hurricane Sandy (Emergency \$4,000,000.00)		\$4,000,000.00	\$4,000,000.00		
<b>HEALTH AND HUMAN SERVICES</b>					
Public Health Services (Board of Health):					
Salaries and Wages	\$1,393.00	1,393.00	1,343.00	\$50.00	
Other Expenses	500.00	500.00		500.00	
Animal Control Services:					
Salaries and Wages	4,712.00	4,712.00	4,702.00	10.00	
Other Expenses	2,300.00	2,300.00	449.00	1,851.00	
<b>RECREATION AND EDUCATION</b>					
Recreation Services and Programs:					
Salaries and Wages	10,400.00	10,400.00	8,690.01	1,709.99	
Other Expenses	17,100.00	17,100.00	16,800.66	299.34	
Community Service Programs:					
Other Expenses	2,400.00	2,400.00	1,814.37	585.63	
Maintenance of Parks:					
Other Expenses	4,500.00	4,500.00	3,366.03	1,133.97	
Beach and Boardwalk Operations:					
Salaries and Wages (Summer)	295,000.00	283,000.00	282,233.29	766.71	
Other Expenses	35,500.00	35,500.00	35,049.65	450.35	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**STATEMENT OF EXPENDITURES**  
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**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b><u>Operations Within "CAPS"</u></b>					
Accumulated Leave Compensation	\$100.00	\$100.00		\$100.00	
Celebration of Public Events:					
Other Expenses	25,900.00	25,900.00	\$22,865.08	3,034.92	
Public Employees Occupational Safety and Health Act	4,500.00	4,500.00	4,500.00		
<b>UNCLASSIFIED</b>					
Electricity	80,000.00	80,000.00	80,000.00		
Street Lighting	49,000.00	49,000.00	48,578.01	421.99	
Telephone (excluding equipment acquisition)	17,600.00	17,600.00	17,171.70	428.30	
Water	8,000.00	8,000.00	7,849.07	150.93	
Gas (natural or propane)	14,000.00	14,000.00	6,760.25	7,239.75	
Fuel Oil	125,000.00	125,000.00	113,203.93	11,796.07	
Landfill/Solid Waste Disposal Costs	167,000.00	167,000.00	154,919.14	12,080.86	
<b>Total Operations Within "CAPS"</b>	<b>5,665,858.00</b>	<b>9,665,858.00</b>	<b>9,247,114.98</b>	<b>207,875.71</b>	<b>\$210,867.31</b>
Contingent	500.00	500.00		500.00	
<b>Total Operations Including Contingent Within "CAPS"</b>	<b>5,666,358.00</b>	<b>9,666,358.00</b>	<b>9,247,114.98</b>	<b>208,375.71</b>	<b>210,867.31</b>
<b>Detail:</b>					
Salaries and Wages	3,361,980.00	3,350,080.00	3,064,350.85	98,729.15	187,000.00
Other Expenses	2,304,378.00	6,316,278.00	6,182,764.13	109,646.56	23,867.31

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**BOROUGH OF LAVALLETTE**  
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**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$150,250.00	\$150,250.00	\$150,250.00		
Social Security System (O.A.S.I.)	262,000.00	262,000.00	226,536.04	\$15,463.96	\$20,000.00
Police and Firemen's Retirement System of NJ	223,186.00	223,186.00	223,186.00		
Unemployment Compensation	25,000.00	25,000.00	25,000.00		
Defined Contribution Retirement Program	500.00	500.00		500.00	
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<b>660,936.00</b>	<b>660,936.00</b>	<b>624,972.04</b>	<b>15,963.96</b>	<b>20,000.00</b>
<b>Total General Appropriations For Municipal Purposes Within "CAPS"</b>	<b>6,327,294.00</b>	<b>10,327,294.00</b>	<b>9,872,087.02</b>	<b>224,339.67</b>	<b>230,867.31</b>
<u>Operations Excluded from "CAPS"</u>					
State Recycling Tax (C. 311, P.L. 2007)	9,000.00	9,000.00	5,080.86	3,919.14	
LOSAP	35,800.00	35,800.00	35,800.00		
Employee Group Health	32,698.00	32,698.00	32,698.00		
Stormwater Management:					
Other Expenses	5,000.00	5,000.00	3,385.04	1,614.96	
	<b>82,498.00</b>	<b>82,498.00</b>	<b>76,963.90</b>	<b>5,534.10</b>	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**CURRENT FUND**  
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**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Community Bus Transportation (Seaside Heights):					
Other Expenses	\$5,000.00	\$5,000.00	\$5,000.00		
CAD System Hardware (Toms River):					
Other Expenses	5,000.00	5,000.00	5,000.00		
Total Interlocal Municipal Service Agreements	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share	21,000.00	21,000.00	21,000.00		
Local Share	5,250.00	5,250.00	5,250.00		
Body Armor Replacement Fund	1,607.70	1,607.70	1,607.70		
Drunk Driving Enforcement Fund	4,919.99	4,919.99	4,919.99		
Local Match for Future Grants	4,500.00	3,350.00		\$3,350.00	
Clean Communities Grant (40A:4-87, \$9,714.05+)		9,714.05	9,714.05		
Ocean County Tourism Grant (40A:4-87, \$1,150.00+)		1,150.00	1,150.00		
Ocean County Tourism Grant - Local Match		1,150.00	1,150.00		
COPS in Shops (40A:4-87, \$1,200.00+)		1,200.00	1,200.00		
Recycling Tonnage Grant	6,842.55	6,842.55	6,842.55		
Alcohol Education and Rehabilitation Fund	1,186.56	1,186.56	1,186.56		
Local Arts Grant	750.00	750.00	750.00		
Total Public and Private Program Offset by Revenues	<u>46,056.80</u>	<u>58,120.85</u>	<u>54,770.85</u>	<u>3,350.00</u>	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
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**CURRENT FUND**  
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**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Total Operations Excluded from "CAPS"	\$138,554.80	\$150,618.85	\$141,734.75	\$8,884.10	
Detail:					
Other Expenses	138,554.80	150,618.85	141,734.75	8,884.10	
<u>Capital Improvements Excluded from "CAPS"</u>					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Holiday Decorations	3,853.34	3,853.34	3,853.34		
Purchase of Playground Equipment	15,000.00	15,000.00	14,744.80	255.20	
Total Capital Improvements Excluded from "CAPS"	23,853.34	23,853.34	23,598.14	255.20	
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Principal	135,000.00	135,000.00	135,000.00		
Payment of Bond Anticipation Notes and Capital Notes	295,585.00	295,585.00	295,585.00		
Interest on Bonds	77,000.00	77,000.00	76,931.25		\$68.75
Interest on Notes	28,000.00	28,000.00	27,492.31		507.69
Total Municipal Debt Service Excluded from "CAPS"	535,585.00	535,585.00	535,008.56		576.44

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$697,993.14	\$710,057.19	\$700,341.45	\$9,139.30	\$576.44
Subtotal General Appropriations	<u>7,025,287.14</u>	<u>11,037,351.19</u>	<u>10,572,428.47</u>	<u>233,478.97</u>	<u>231,443.75</u>
Reserve for Uncollected Taxes	512,515.30	512,515.30	512,515.30		
Total General Appropriations	<u>\$7,537,802.44</u>	<u>\$11,549,866.49</u>	<u>\$11,084,943.77</u>	<u>\$233,478.97</u>	<u>\$231,443.75</u>
	<b><u>Ref.</u></b>	A-2	A-1	A,A-1	
Budget	A-3	\$7,537,802.44			
Appropriation by 40A:4-87	A-2	12,064.05			
Emergency Appropriation 40A:4-54		<u>4,000,000.00</u>			
		<u>\$11,549,866.49</u>			
Reserve for Uncollected Taxes	A-2		\$512,515.30		
Cash Disbursed	1-A		6,320,016.91		
Due to Federal and State Grant Fund	8-A		54,770.85		
Reserve for Hurricane Sandy			4,000,000.00		
Encumbrances Payable	9-A		197,640.71		
			<u>\$11,084,943.77</u>		

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Animal Control Trust Fund:			
Cash and Cash Equivalents	1-B	<u>\$365.98</u>	<u>\$620.38</u>
Other Trust Fund:			
Cash and Cash Equivalents	1-B	<u>314,253.86</u>	<u>198,345.28</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	6-B	232,708.90	219,910.38
Municipal Contributions Receivable		<u>60,400.00</u>	<u>27,600.00</u>
		<u>293,108.90</u>	<u>247,510.38</u>
		<u>\$607,728.74</u>	<u>\$446,476.04</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Animal Control Fund:			
Due to State of New Jersey	2-B		\$1.20
Prepaid Licenses			7.00
Due to Current Fund			60.00
Reserve for Animal Control Fund Expenditures	5-B	<u>\$365.98</u>	<u>552.18</u>
		<u>365.98</u>	<u>620.38</u>
Other Trust Fund:			
Payroll Deductions Payable	3-B	45,391.01	5,671.49
Miscellaneous Reserves	4-B	<u>268,862.85</u>	<u>192,673.79</u>
		<u>314,253.86</u>	<u>198,345.28</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	7-B	<u>293,108.90</u>	<u>247,510.38</u>
		<u>\$607,728.74</u>	<u>\$446,476.04</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash and Cash Equivalents	1-C	\$208,320.01	\$31,994.31
Deferred Charges to Future Taxation:			
Funded	3-C	1,800,000.00	1,935,000.00
Unfunded	4-C	1,621,167.15	1,841,752.15
Grants Receivable	5-C	453,548.74	554,157.54
		<u>\$4,083,035.90</u>	<u>\$4,362,904.00</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
General Serial Bonds	6-C	\$1,800,000.00	\$1,935,000.00
Bond Anticipation Notes	7-C	1,622,475.00	1,843,060.00
Contracts Payable	8-C	243,319.83	141,834.18
Improvement Authorizations:			
Unfunded	9-C	210,866.15	246,762.68
Capital Improvement Fund	10-C	65,712.41	60,712.41
Reserve for Grants Receivable	11-C	22,435.81	22,435.81
Reserve to Pay Notes		19,039.73	19,039.73
Fund Balance	C-1	99,186.97	94,059.19
		<u>\$4,083,035.90</u>	<u>\$4,362,904.00</u>

There were no bonds and notes authorized but not issued on December 31, 2012 and 2011.

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Balance, January 1	C	\$94,059.19	\$90,980.86
Increased by:			
Premium on the Sale of Notes	1-C	<u>5,127.78</u>	<u>3,078.33</u>
Balance, December 31	C	<u>\$99,186.97</u>	<u>\$94,059.19</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Operating Fund:</b>			
<b>Cash and Cash Equivalents:</b>			
Cash	1-D	\$385,293.59	\$276,560.33
Change Fund		62.50	62.50
		<u>385,356.09</u>	<u>276,622.83</u>
<b>Receivables with Full Reserves:</b>			
Consumer Accounts Receivable	3-D	62,154.35	39,404.90
Total Operating Fund		<u>447,510.44</u>	<u>316,027.73</u>
<b>Capital Fund:</b>			
Cash and Cash Equivalentents	1-D	112,662.63	75,182.44
Fixed Capital	4-D	7,842,058.39	7,817,058.39
Total Capital Fund		<u>7,954,721.02</u>	<u>7,892,240.83</u>
		<u>\$8,402,231.46</u>	<u>\$8,208,268.56</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Operating Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	D-4,5-D	\$22,952.33	\$33,215.27
Encumbrances Payable	6-D	35,319.52	27,877.80
Water Overpayments	7-D	1,772.13	2,524.41
Accrued Interest Payable	8-D	14,062.13	15,087.00
		<u>74,106.11</u>	<u>78,704.48</u>
Reserve for Receivables	D	62,154.35	39,404.90
Fund Balance	D-1	311,249.98	197,918.35
Total Operating Fund		<u>447,510.44</u>	<u>316,027.73</u>
<b>Capital Fund:</b>			
Serial Bonds	9-D	2,425,000.00	970,000.00
Bond Anticipation Notes	10-D	18,524.00	38,124.00
U.S.D.A. Loan Payable	11-D		1,607,707.06
Capital Improvement Fund	12-D	42,970.00	42,970.00
Reserve to Pay Bond Anticipation Notes		1,296.48	1,296.48
Due to Sewer Utility Capital Fund		33,960.87	
Reserve for Amortization	13-D	5,398,535.26	5,201,228.20
Fund Balance	D-2	34,434.41	30,915.09
Total Capital Fund		<u>7,954,721.02</u>	<u>7,892,240.83</u>
		<u>\$8,402,231.46</u>	<u>\$8,208,268.56</u>

There were no bonds and notes authorized but not issued on December 31, 2012 and 2011.

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Water Rents	D-3	\$829,839.45	\$850,050.72
Fire Hydrant Service	D-3	22,050.00	22,050.00
Miscellaneous Revenue	D-3	14,044.22	22,116.40
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	6-D	44,267.52	39,330.09
Total Revenues		<u>910,201.19</u>	<u>933,547.21</u>
Expenditures:			
Operating	D-4	496,000.00	492,500.00
Capital Improvements	D-4	25,000.00	25,000.00
Debt Service	D-4	231,119.56	261,108.36
Deferred Charges and Statutory			
Expenditures	D-4	44,750.00	44,750.00
Total Expenditures		<u>796,869.56</u>	<u>823,358.36</u>
Excess in Revenue		113,331.63	110,188.85
Fund Balance January 1	D	<u>197,918.35</u>	<u>87,729.50</u>
Fund Balance December 31	D	<u>\$311,249.98</u>	<u>\$197,918.35</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Balance, January 1	D	<u>\$30,915.09</u>	<u>\$30,851.41</u>
Increased by:			
Premium on Notes Issued	1-D	58.54	63.68
Premium on Serial Bonds Issued	1-D	<u>3,460.78</u>	
		<u>3,519.32</u>	<u>63.68</u>
Balance, December 31	D	<u><u>\$34,434.41</u></u>	<u><u>\$30,915.09</u></u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Water Rents	D-1,3-D	\$777,400.00	\$829,839.45	\$52,439.45
Fire Hydrant Service	D-1,1-D	22,050.00	22,050.00	
Miscellaneous Revenue	D-1,1-D		14,044.22	14,044.22
	D-4	<u>\$799,450.00</u>	<u>\$865,933.67</u>	<u>\$66,483.67</u>

**Analysis of Miscellaneous Revenue**

Interest Earned on Delinquent Accounts		\$8,759.52
Water Disconnection Fees		3,250.00
Water Main Fees		1,800.00
Interest Earned on Deposits		234.70
	D-3	<u>\$14,044.22</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$246,000.00	\$246,000.00	\$225,795.42	\$20,204.58	
Other Expenses	250,000.00	250,000.00	249,845.14	154.86	
Total Operating	<u>496,000.00</u>	<u>496,000.00</u>	<u>475,640.56</u>	<u>20,359.44</u>	
Capital Improvements:					
Capital Outlay	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>		
Debt Service:					
Payment of Bond Principal	75,000.00	105,000.00	105,000.00		
Payment of Bond Anticipation Notes	19,600.00	19,600.00	19,600.00		
Interest on Bonds	39,500.00	58,988.00	56,544.54		\$2,443.46
Interest on Notes	600.00	600.00	463.02		136.98
U.S.D.A. Loan - Principal and Interest	99,000.00	49,512.00	49,512.00		
Total Debt Service	<u>233,700.00</u>	<u>233,700.00</u>	<u>231,119.56</u>		<u>2,580.44</u>
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	22,750.00	22,750.00	22,750.00		
Social Security System (O.A.S.I.)	20,000.00	20,000.00	17,407.11	2,592.89	
Unemployment Compensation	2,000.00	2,000.00	2,000.00		
Total Statutory Expenditures	<u>44,750.00</u>	<u>44,750.00</u>	<u>42,157.11</u>	<u>2,592.89</u>	
	<u>\$799,450.00</u>	<u>\$799,450.00</u>	<u>\$773,917.23</u>	<u>\$22,952.33</u>	<u>\$2,580.44</u>
	<b>Ref.</b>				
	D-3		D-1	D,D-1	
Cash Disbursements	1-D		\$632,078.15		
Encumbrances Payable	6-D		35,319.52		
Accrued Interest Payable	8-D		106,519.56		
			<u>\$773,917.23</u>		

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-E	\$238,919.92	\$140,974.81
Change Fund		62.50	62.50
		238,982.42	141,037.31
Receivables with Full Reserves:			
Consumer Accounts Receivable	3-E	88,185.59	59,868.24
Total Operating Fund		327,168.01	200,905.55
Capital Fund:			
Cash and Cash Equivalents	1-E	33,612.74	59,795.88
Fixed Capital	4-E	9,359,796.79	9,359,796.79
Due from Water Utility Capital Fund	5-E	33,960.87	
Total Capital Fund		9,427,370.40	9,419,592.67
		\$9,754,538.41	\$9,620,498.22

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Operating Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	E-4,6-E	\$28,244.56	\$17,977.30
Encumbrances Payable	7-E	19,440.42	15,049.19
Accrued Interest Payable	8-E	25,395.12	52,278.33
Sewer Overpayments	9-E	2,964.65	6,476.12
		<u>76,044.75</u>	<u>91,780.94</u>
Reserve for Receivables	E	88,185.59	59,868.24
Fund Balance	E-1	162,937.67	49,256.37
<b>Total Operating Fund</b>		<u><u>327,168.01</u></u>	<u><u>200,905.55</u></u>
<b>Capital Fund:</b>			
Serial Bonds and Loans	10-E	4,592,276.77	4,867,154.82
Bond Anticipation Notes	11-E	77,500.00	85,500.00
Capital Improvement Fund	12-E	33,500.00	33,500.00
Reserve to Pay Debt Service		21,919.00	21,919.00
Reserve for Amortization	13-E	4,690,020.02	4,407,141.97
Fund Balance	E-2	12,154.61	4,376.88
<b>Total Capital Fund</b>		<u><u>9,427,370.40</u></u>	<u><u>9,419,592.67</u></u>
		<u><u>\$9,754,538.41</u></u>	<u><u>\$9,620,498.22</u></u>

There were no bonds and notes authorized but not issued on December 31, 2012 and 2011.

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized:			
Fund Balance Utilized			\$15,600.00
Sewer Rents	E-3	\$1,433,550.96	1,456,785.27
Miscellaneous Revenue	E-3	16,043.93	16,802.40
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	6-E	24,991.67	24,354.00
Total Revenue		<u>1,474,586.56</u>	<u>1,513,541.67</u>
Expenditures:			
Operating	E-4	961,000.00	991,050.00
Debt Service	E-4	357,855.26	437,020.81
Deferred Charges and Statutory Expenditures	E-4	42,050.00	42,950.00
Total Expenditures		<u>1,360,905.26</u>	<u>1,471,020.81</u>
Excess in Revenue		113,681.30	42,520.86
Fund Balance January 1	E	49,256.37	22,335.51
		162,937.67	64,856.37
Decreased By:			
Utilization by Sewer Operating Budget	E-1		15,600.00
Fund Balance December 31	E	<u>\$162,937.67</u>	<u>\$49,256.37</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Balance, January 1	E	<u>\$4,376.88</u>	<u>\$4,234.07</u>
Increased by:			
Premium on Notes Issued	1-E	244.94	142.81
Premium on Serial Bonds Issued		<u>7,532.79</u>	
		<u>7,777.73</u>	<u>142.81</u>
Balance, December 31	E	<u><u>\$12,154.61</u></u>	<u><u>\$4,376.88</u></u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Sewer Rents	E-1,3-E	\$1,456,226.71	\$1,433,550.96	(\$22,675.75)
Miscellaneous Revenue	E-1,1-E		16,043.93	16,043.93
	E-4	<u>\$1,456,226.71</u>	<u>\$1,449,594.89</u>	<u>(\$6,631.82)</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Interest Earned on Delinquent Accounts			\$13,162.67	
Interest Earned on Deposits			141.58	
Other Miscellaneous Revenue			2,739.68	
	E-3		<u>\$16,043.93</u>	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$224,000.00	\$224,000.00	\$205,065.79	\$18,934.21	
Other Expenses	161,000.00	161,000.00	153,868.25	7,131.75	
Ocean County Utilities Authority	576,000.00	576,000.00	576,000.00		
Total Operating	<u>961,000.00</u>	<u>961,000.00</u>	<u>934,934.04</u>	<u>26,065.96</u>	
Debt Service:					
Payment of Bond Principal	75,000.00	75,000.00	75,000.00		
Payment of Bond Anticipation Notes	8,000.00	8,000.00	8,000.00		
Interest on Bonds	39,500.00	147,379.70	54,730.34		\$92,649.36
Interest on Notes	1,300.00	1,300.00	1,180.06		119.94
U.S.D.A. Loans - Principal and Interest	216,349.70	108,470.00	108,470.00		
N.J.W.T.T. - Principal and Interest	113,027.01	113,027.01	110,474.86		2,552.15
Total Debt Service	<u>453,176.71</u>	<u>453,176.71</u>	<u>357,855.26</u>		<u>95,321.45</u>
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	23,300.00	23,300.00	23,300.00		
Social Security System (O.A.S.I.)	18,000.00	18,000.00	15,821.40	2,178.60	
Unemployment Compensation Insurance	750.00	750.00	750.00		
Total Statutory Expenditures	<u>42,050.00</u>	<u>42,050.00</u>	<u>39,871.40</u>	<u>2,178.60</u>	
	<u>\$1,456,226.71</u>	<u>\$1,456,226.71</u>	<u>\$1,332,660.70</u>	<u>\$28,244.56</u>	<u>\$95,321.45</u>
	Ref.				
		E-3	E-1	E,E-1	
Cash Disbursements	1-E		\$1,096,557.30		
Encumbrances Payable	7-E		19,440.42		
Accrued Interest Payable	8-E		216,662.98		
			<u>\$1,332,660.70</u>		

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-F	\$551,666.87	\$646,615.67
Change Fund		75.00	75.00
Due from Electric Utility Capital Fund		190,891.81	
Security Deposit		1,988.17	1,988.17
		<u>744,621.85</u>	<u>648,678.84</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	4-F	383,129.50	263,499.61
Deferred Charges:			
Operating Deficit	F-1	80,349.44	
Total Operating Fund		<u>1,208,100.79</u>	<u>912,178.45</u>
Capital Fund:			
Cash and Cash Equivalents	1-F	140,650.60	168,134.63
Fixed Capital	5-F	1,752,501.06	1,752,501.06
Fixed Capital Authorized and Uncompleted	6-F	5,525,000.00	325,000.00
Total Capital Fund		<u>7,418,151.66</u>	<u>2,245,635.69</u>
		<u>\$8,626,252.45</u>	<u>\$3,157,814.14</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Operating Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	F-4,7-F	\$274,022.98	\$9,347.53
Encumbrances Payable	8-F	125,497.44	211,481.02
Accrued Interest Payable	15-F	1,220.89	1,425.98
Electric Overpayments	9-F	14,062.04	16,256.37
		<u>414,803.35</u>	<u>238,510.90</u>
Reserve for Receivables	F	383,129.50	263,499.61
Fund Balance	F-1	410,167.94	410,167.94
<b>Total Operating Fund</b>		<u><u>1,208,100.79</u></u>	<u><u>912,178.45</u></u>
<b>Capital Fund:</b>			
<b>Improvement Authorizations:</b>			
Unfunded	10-F	5,022,649.51	96,398.43
Bond Anticipation Notes	14-F	310,000.00	352,750.00
Capital Improvement Fund	11-F	17,500.00	17,500.00
Contracts Payable		60,928.93	16,535.79
Reserve for Amortization	12-F	1,680,362.06	1,670,862.06
Reserve to Pay Bond Anticipation Notes		878.96	878.96
Deferred Reserve for Amortization	13-F	110,500.00	67,250.00
Due to Electric Utility Operating Fund		190,891.81	
Fund Balance	F-2	24,440.39	23,460.45
<b>Total Capital Fund</b>		<u><u>7,418,151.66</u></u>	<u><u>2,245,635.69</u></u>
		<u><u>\$8,626,252.45</u></u>	<u><u>\$3,157,814.14</u></u>

There were bonds and notes authorized but not issued of \$5,190,000.00 on December 31, 2012 and there were no bonds and notes authorized but not issued on December 31, 2011 (Schedule 16-F).

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2012 and 2011**

	<b><u>Ref.</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Revenue and Other Income Realized:			
Fund Balance Utilized			\$537,550.00
Electric Rents	F-3	\$2,691,028.63	2,898,114.16
Interest on Investments and Deposits	F-3	455.04	581.32
Miscellaneous Revenue	F-3	32,397.96	38,388.94
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	7-F	93,825.69	31,762.14
Total Revenues		<u>2,817,707.32</u>	<u>3,506,396.56</u>
Expenditures:			
Operating	F-4	2,766,000.00	2,893,750.00
Capital Improvements	F-4	10,000.00	10,000.00
Debt Service	F-4	47,806.76	22,800.00
Deferred Charges and Statutory Expenses	F-4	74,250.00	413,000.00
Total Expenditures		<u>2,898,056.76</u>	<u>3,339,550.00</u>
(Deficit)/Excess in Revenue		(80,349.44)	166,846.56
Operating Deficit to be Raised in the Budget of Succeeding Year	F	<u>\$80,349.44</u>	
Statutory Excess to Fund Balance			166,846.56
Fund Balance, January 1	F	<u>\$410,167.94</u>	780,871.38
		410,167.94	947,717.94
Decreased By:			
Utilized as Anticipated Revenue	F-1		<u>537,550.00</u>
Fund Balance, December 31	F	<u>\$410,167.94</u>	<u>\$410,167.94</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**Years Ended December 31, 2012 and 2011**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	F	\$23,460.45	\$22,871.27
Increased by:			
Premium on Notes Issued	1-F	<u>979.94</u>	<u>589.18</u>
Balance, December 31	F	<u><u>\$24,440.39</u></u>	<u><u>\$23,460.45</u></u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Anticipated Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Electric Rents	F-1,4-F	\$2,898,100.00	\$2,691,028.63	(\$207,071.37)
Interest on Investments and Deposits	F-1,1-F	500.00	455.04	(44.96)
Miscellaneous Revenue	F-1,1-F		32,397.96	32,397.96
	F-4	<u>\$2,898,600.00</u>	<u>\$2,723,881.63</u>	<u>(\$174,718.37)</u>
 <b><u>Analysis of Miscellaneous Revenue</u></b>				
Interest Earned on Delinquent Accounts			\$29,347.96	
Meter Installations			2,950.00	
Disconnect and Reconnect Fees			100.00	
	F-3		<u>\$32,397.96</u>	

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2012**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget after Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$388,000.00	\$388,000.00	\$330,014.37	\$57,985.63	
Other Expenses	338,000.00	338,000.00	330,241.94	7,758.06	
Power Purchased	2,040,000.00	2,040,000.00	1,836,992.35	203,007.65	
Total Operating	<u>2,766,000.00</u>	<u>2,766,000.00</u>	<u>2,497,248.66</u>	<u>268,751.34</u>	
Capital Improvements:					
Capital Improvement Fund	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
Debt Service:					
Payment of Bond Anticipation and Capital Notes	42,750.00	42,750.00	42,750.00		
Interest on Notes	<u>5,600.00</u>	<u>5,600.00</u>	<u>5,056.76</u>		\$543.24
Total Debt Service	<u>48,350.00</u>	<u>48,350.00</u>	<u>47,806.76</u>		<u>543.24</u>
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	39,250.00	39,250.00	39,250.00		
Social Security System (O.A.S.I.)	32,000.00	32,000.00	26,728.36	5,271.64	
Unemployment Compensation Insurance	<u>3,000.00</u>	<u>3,000.00</u>	<u>3,000.00</u>		
Total Deferred Charges and Statutory Expenditures	<u>74,250.00</u>	<u>74,250.00</u>	<u>68,978.36</u>	<u>5,271.64</u>	
	<u>\$2,898,600.00</u>	<u>\$2,898,600.00</u>	<u>\$2,624,033.78</u>	<u>\$274,022.98</u>	<u>\$543.24</u>
	<b>Ref.</b>	<b>F-3</b>	<b>F-1</b>	<b>F,F-1</b>	
Cash Disbursements	1-F		\$2,493,479.58		
Encumbrances Payable	8-F		125,497.44		
Accrued Interest Payable	15-F		<u>5,056.76</u>		
			<u>\$2,624,033.78</u>		

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2012 and 2011**

<u>Assets</u>	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
General Fixed Assets:			
Buildings and Land		\$11,140,710.00	\$11,140,710.00
Equipment		4,729,946.52	4,729,946.52
		<u>\$15,870,656.52</u>	<u>\$15,870,656.52</u>
 <u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	1-G	<u>\$15,870,656.52</u>	<u>\$15,870,656.52</u>

See Accompanying Notes

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2012.

**B. Descriptions of Funds**

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

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

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

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

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

**B. Descriptions of Funds (Continued)**

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

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

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

**Sewer Utility Operating and Capital Funds** – used to record the operations and acquisition of capital facilities of the Borough’s sewer utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

**Water Utility Operating and Capital Funds** – used to record the operations and acquisition of capital facilities of the Borough’s water utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

**Electric Utility Operating and Capital Funds** – used to record the operations and acquisition of capital facilities of the Borough’s electric utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

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

**C. Basis of Accounting**

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

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

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

**C. Basis of Accounting (Continued)**

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

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

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

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

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

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

**C. Basis of Accounting (Continued)**

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

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

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

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

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

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

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

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

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

**C. Basis of Accounting (Continued)**

**Utility Fixed Assets** – Property and equipment purchased by the Utility Funds are recorded in the capital accounts at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Utility Funds are not depreciated. Principal payments for Utility debt are recorded as expenditures in the Utility Statement of Operations.

**D. Financial Statements**

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

**E. Budgets and Budgetary Accounting**

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

**Deposits**

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

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

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2012 and 2011 the Borough’s bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Uninsured and Uncollateralized	\$54,699.49	\$15,491.59
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	<u>5,964,654.09</u>	<u>4,254,669.59</u>
	<u>\$6,019,353.58</u>	<u>\$4,270,161.18</u>

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments**

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

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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

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

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program Fund investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program Fund investments at December 31, 2012 and 2011 were \$232,708.90 and \$219,910.38, respectively.

**Credit Risk**

State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2012 and 2011 no such investments were held by the Borough.

**Interest Rate Risk**

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

**NOTE 3. TAXES COLLECTED IN ADVANCE**

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

	<u>Balance December 31,</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$152,523.22	\$216,011.60

**NOTE 4. DEBT**

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

**A. Long-Term Debt**

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

<u>General Capital Bonds</u>				
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
General Capital Refunding Bonds	10/12/05	\$2,256,000.00	3.75% - 4.50%	<u>\$1,800,000.00</u>
<u>Water Utility Bonds</u>				
<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
Water Capital Refunding Bonds	10/12/05	\$1,144,000.00	3.75% - 4.50%	\$895,000.00
Water Capital Refunding Bonds	7/18/12	1,560,000.00	3.00% - 4.00%	<u>1,530,000.00</u> <u>\$2,425,000.00</u>

**NOTE 4. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

<u>Sewer Utility Bonds and Loans</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
<u>Purpose</u>				
Sewer Capital Refunding Bonds	10/12/05	\$1,150,000.00	3.75% - 4.50%	\$895,000.00
Sewer Improvement Loans	10/15/96	1,616,960.00	5.25% 0.00%	240,000.00 62,276.77
Sewer Capital Refunding Bonds	7/18/12	3,395,000.00	3.00% - 4.00%	3,395,000.00
				<u>\$4,592,276.77</u>

Long-term debt service requirements are as follows:

	<u>General Capital</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$135,000.00	\$71,350.00	\$206,350.00
2014	140,000.00	65,162.50	205,162.50
2015	140,000.00	59,387.50	199,387.50
2016	140,000.00	54,137.50	194,137.50
2017	140,000.00	48,712.50	188,712.50
2018-2022	700,000.00	158,862.50	858,862.50
2023-2025	405,000.00	25,818.75	430,818.75
	<u>\$1,800,000.00</u>	<u>\$483,431.25</u>	<u>\$2,283,431.25</u>

**NOTE 4. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

<u>Water Utility</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$115,000.00	\$91,112.50	\$206,112.50
2014	115,000.00	86,537.50	201,537.50
2015	115,000.00	82,337.50	197,337.50
2016	115,000.00	77,912.50	192,912.50
2017	115,000.00	73,400.00	188,400.00
2018-2022	615,000.00	294,256.25	909,256.25
2023-2027	505,000.00	173,981.25	678,981.25
2028-2032	380,000.00	99,112.50	479,112.50
2033-2036	350,000.00	30,975.00	380,975.00
	<u>\$2,425,000.00</u>	<u>\$1,009,625.00</u>	<u>\$3,434,625.00</u>

<u>Sewer Utility</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$170,795.93	\$172,600.00	\$343,395.93
2014	161,480.84	166,337.50	327,818.34
2015	165,000.00	159,943.75	324,943.75
2016	170,000.00	152,875.00	322,875.00
2017	190,000.00	145,350.00	335,350.00
2018-2022	1,010,000.00	609,325.00	1,619,325.00
2023-2027	1,025,000.00	399,118.75	1,424,118.75
2028-2032	1,025,000.00	220,337.50	1,245,337.50
2033-2035	675,000.00	47,600.00	722,600.00
	<u>\$4,592,276.77</u>	<u>\$2,073,487.50</u>	<u>\$6,665,764.27</u>

**NOTE 4. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

Long-term debt transactions for the years ended December 31, 2012 and 2011 are summarized as follows:

	Balance Dec. 31, 2011	Additions	Deductions	Balance Dec. 31, 2012
General Capital Fund	\$1,935,000.00		\$135,000.00	\$1,800,000.00
Water Utility Capital Fund	2,577,707.06	\$1,560,000.00	1,712,707.06	2,425,000.00
Sewer Utility Capital Fund	4,867,154.82	3,395,000.00	3,669,878.05	4,592,276.77
	<u>\$9,379,861.88</u>	<u>\$4,955,000.00</u>	<u>\$5,517,585.11</u>	<u>\$8,817,276.77</u>

	Balance Dec. 31, 2010	Additions	Deductions	Balance Dec. 31, 2011
General Capital Fund	\$2,070,000.00		\$135,000.00	\$1,935,000.00
Water Utility Capital Fund	2,709,408.47		131,701.41	2,577,707.06
Sewer Utility Capital Fund	5,090,868.28		223,713.46	4,867,154.82
	<u>\$9,870,276.75</u>	<u>-</u>	<u>\$490,414.87</u>	<u>\$9,379,861.88</u>

**B. Short-Term Debt**

At December 31, 2012 and 2011 the Borough's outstanding bond anticipation notes were as follows:

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012
General Capital Fund	9/7/12	9/6/13	1.25%	\$1,622,475.00
Water Utility Capital Fund	9/7/12	9/6/13	1.25%	18,524.00
Sewer Utility Capital Fund	9/7/12	9/6/13	1.25%	77,500.00
Electric Utility Capital Fund	9/7/12	9/6/13	1.25%	310,000.00

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2011
General Capital Fund	9/9/11	9/7/12	1.50%	\$1,843,060.00
Water Utility Capital Fund	9/9/11	9/7/12	1.50%	38,124.00
Sewer Utility Capital Fund	9/9/11	9/7/12	1.50%	85,500.00
Electric Utility Capital Fund	9/9/11	9/7/12	1.50%	352,750.00

**NOTE 4. DEBT (CONTINUED)**

**C. Special Emergency Note**

At December 31, 2012 the Borough's outstanding special emergency notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>
Current Fund:				
Hurricane Sandy	11/21/12	11/20/13	1.15%	\$4,000,000.00

As of December 31, 2011 the Borough had no special emergency notes.

Short-term debt transactions for the years ended December 31, 2012 and 2011 are summarized as follows:

	<u>Balance Dec. 31, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2012</u>
Current Fund		\$4,000,000.00		\$4,000,000.00
General Capital Fund	\$1,843,060.00	1,622,475.00	\$1,843,060.00	1,622,475.00
Water Utility Capital Fund	38,124.00	18,524.00	38,124.00	18,524.00
Sewer Utility Capital Fund	85,500.00	77,500.00	85,500.00	77,500.00
Electric Utility Capital Fund	352,750.00	310,000.00	352,750.00	310,000.00
	<u>\$2,319,434.00</u>	<u>\$2,028,499.00</u>	<u>\$2,319,434.00</u>	<u>\$6,028,499.00</u>

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2011</u>
General Capital Fund	\$2,269,955.00	\$1,843,060.00	\$2,269,955.00	\$1,843,060.00
Water Utility Capital Fund	86,724.00	38,124.00	86,724.00	38,124.00
Sewer Utility Capital Fund	85,500.00	85,500.00	85,500.00	85,500.00
Electric Utility Capital Fund	229,250.00	352,750.00	229,250.00	352,750.00
	<u>\$2,671,429.00</u>	<u>\$2,319,434.00</u>	<u>\$2,671,429.00</u>	<u>\$2,319,434.00</u>

**NOTE 5. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 6. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2012 and 2011 were \$381,458.99 and \$371,221.44, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 7. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2012 and 2011, which were appropriated and included as anticipated revenue in budgets for the years ending December 31, 2013 and 2012 were as follows:

For the year ended December 31, 2013,

Current Fund	\$775,000.00
Electric Utility Operating Fund	320,510.00

For the year ended December 31, 2012,

Current Fund	\$775,000.00
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**NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

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

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

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

**NOTE 9. UNEMPLOYMENT COMPENSATION INSURANCE**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self- insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2012 and 2011 were \$48,186.64 and \$21,016.42, respectively.

**NOTE 10. FIXED ASSETS**

Fixed assets activity for the years ended December 31, 2012 and 2011 was as follows:

	Balance Dec. 31, 2011	Additions	Dispositions	Balance Dec. 31, 2012
Buildings and Land	\$11,140,710.00			\$11,140,710.00
Equipment	4,729,946.52			4,729,946.52
	<u>\$15,870,656.52</u>	<u>-</u>	<u>-</u>	<u>\$15,870,656.52</u>
	Balance Dec. 31, 2010	Additions	Dispositions	Balance Dec. 31, 2010
Buildings and Land	\$11,140,710.00			\$11,140,710.00
Equipment	4,687,219.32	\$98,546.20	\$55,819.00	4,729,946.52
	<u>\$15,827,929.32</u>	<u>\$98,546.20</u>	<u>\$55,819.00</u>	<u>\$15,870,656.52</u>

In 2012 the Borough was impacted by Hurricane Sandy. The accompanying flooding caused significant damage to certain of the Borough's buildings and equipment. The Borough expects to receive insurance proceeds and Federal Emergency Management Agency funds to recover most of the costs associated with the repair and replacement of assets damaged by the storm. The Borough's fixed assets inventory has not been adjusted for additions and dispositions occurring in 2012. The carrying amount of the Borough's impaired buildings and equipment that are idle as of December 31, 2012 has yet to be determined.

**NOTE 11. SCHOOL TAXES**

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

The Borough raises its share of local school taxes on a school year basis and has elected to defer these taxes at December 31, 2012 and 2011 as follows:

	<u>Local District School Tax</u>	
	<u>2012</u>	<u>2011</u>
Balance of Tax	\$1,252,673.10	\$1,839,177.20
Deferred	777,957.38	777,957.38
Tax Payable	<u>\$474,715.72</u>	<u>\$1,061,219.82</u>

**NOTE 12. PENSION PLANS**

**Description of Systems**

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

**Funding Policy**

PERS employee contributions were 6.50% of base wages through June 30, 2012. Effective July 1, 2012 PERS employee contributions were 6.64% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

<u>PERS</u>		<u>PFRS</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2012	\$246,817.00	2012	\$223,186.00
2011	223,368.00	2010	223,072.00
2010	175,000.00	2009	168,931.01

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

**Defined Contribution Retirement Program**

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

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

**NOTE 13. LENGTH OF SERVICE AWARD PLAN PROGRAM**

The Borough has established a Length of Service Award Program to ensure retention of the Borough's volunteer fire department and first aid squad. The Plan has been established under the laws of the State of New Jersey with the intent that it meets the requirements of a length of service award plan under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contribution - The annual contribution to be made by the Borough for each active volunteer member that meets certain eligibility criteria ranges from \$600.00 to \$1,000.00.

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

Restatement - Municipal contributions receivable and the reserve for the Length of Service Award Program Fund (the "Fund") have been restated in the amount of \$27,600.00 to record the effect of receivables due to the Fund as of December 31, 2011.

**NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2012 and 2011 the following deferred charges are reflected on the balance sheets of the current fund and the electric utility operating fund:

	Balance Dec. 31, 2012	Balance Dec. 31, 2011
Current Fund:		
Special Emergency Authorization (40A:4-54)	<u>\$4,000,000.00</u>	<u>-</u>
Electric Utility Operating Fund:		
Operating Deficit	<u>\$80,349.44</u>	<u>-</u>

The 2013 budget appropriations to fund the deferred charges at December 31, 2012 were not less than required by statute.

The Borough expects to be reimbursed from the Federal Emergency Management Agency for 90% of the amounts expended under the special emergency authorization.

**NOTE 15. DEFERRED COMPENSATION**

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

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

**NOTE 16. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS**

In addition to the pension benefits described in Note 12, the Borough provides postemployment retirement health benefits for employees who retire after 25 years of service. Benefits consist of full medical coverage and costs are reported as they are paid.

**Plan Description**

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

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

**Funding Policy**

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

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough’s postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2012, 2011, and 2010 were \$304,617.15, \$295,851.20, and \$270,455.08, respectively, which equaled the required contributions for each year.

**NOTE 17. RISK MANAGEMENT**

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

**NOTE 18. INTERFUND BALANCES**

The balances of interfund receivables and payables at December 31, 2012 and 2011 are presented below:

	<u>December 31,</u> 2012	<u>December 31,</u> 2011
<u>Receivables</u>		
Federal and State Grant Fund	\$33,626.83	\$34,443.29
Current Fund		60.00
Sewer Utility Capital Fund	33,960.87	
Electric Utility Operating Fund	190,891.81	
	<u>\$258,479.51</u>	<u>\$34,503.29</u>
<u>Payables</u>		
Current Fund	\$33,626.83	\$34,443.29
Animal Control Fund		60.00
Water Utility Capital Fund	33,960.87	
Electric Utility Capital Fund	190,891.81	
	<u>\$258,479.51</u>	<u>\$34,503.29</u>

**NOTE 19. CONTINGENT LIABILITIES**

**Grant Financial Assistance**

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

**Legal Proceedings**

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

**Tax Appeals**

As of August 23, 2013 there were various tax appeal cases pending against the Borough before the New Jersey Tax Court. The Borough intends to vigorously defend its assessments in each case. Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize liability, if any, until a case has been adjudicated.

**NOTE 19. CONTINGENT LIABILITIES (continued)**

**Annexation of Land**

On January 28, 2010 the Superior Court of New Jersey made effective an ordinance of the Borough for the annexation of land (Bay Beach Way) from the Township of Toms River, New Jersey (the "Township"). Effective January 28, 2010, the Borough was responsible for the collection of municipal, school board and county taxes on the annexed land. The Borough's payment to the Township, representing bonded and other indebtedness attributable to the annexed land acquired from the Township, has yet to be determined.

**NOTE 20. SUBSEQUENT EVENTS**

In January 2013 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$10,000,000.00 for various capital improvements and capital acquisitions.

In April 2013 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$1,000,000.00 for the replacement and installation of water meters.

On March 11, 2013 the Borough approved a resolution authorizing a promissory note for a Community Disaster Loan in the amount of \$2,712,475.00 from the Federal Emergency Management Agency.

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART II**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	A		\$2,888,612.25
Increased by:			
Non-Budget Revenue	A-2	\$210,858.26	
State of New Jersey (PL 1971, Ch. 20)	2-A	58,234.23	
Taxes Receivable	3-A	16,484,622.96	
Revenue Accounts Receivable	5-A	1,315,724.45	
Grants Receivable	8-A	27,042.06	
Prepaid Taxes	12-A	152,523.22	
Tax Overpayments	13-A	8,276.70	
Unappropriated Reserves	8-A	9,718.28	
Due from Animal Control Fund	6-A	60.00	
Reserve for Private Donations		2,000.00	
Reserve for FEMA		85,180.13	
Reserve for Goose Patrol		1,320.00	
Special Emergency Notes Payable		4,000,000.00	
		<hr/>	<hr/>
			22,355,560.29
			<hr/> 25,244,172.54
Decreased by:			
Budget Appropriations	A-3	6,320,016.91	
Appropriation Reserves	7-A	79,075.56	
Appropriated Reserves	8-A	43,976.80	
County Taxes Payable	11-A	8,257,861.79	
Local District School Taxes	14-A	4,282,694.10	
Accounts Payable		12,037.10	
Change Funds		250.00	
Reserve for Hurricane Sandy		2,060,363.26	
		<hr/>	<hr/>
			21,056,275.52
			<hr/>
Balance, December 31, 2012	A		<hr/> <hr/> \$4,187,897.02

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF DUE FROM STATE OF NEW JERSEY (PL 1971, Ch. 20)**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	A		\$1,500.51
Increased by:			
Deductions per Tax Duplicate:			
Senior Citizens		\$6,500.00	
Veterans		51,000.00	
Deductions Allowed by Collector		<u>500.00</u>	
			<u>58,000.00</u>
			59,500.51
Decreased by:			
Received from State of New Jersey	1-A	58,234.23	
Deductions Disallowed by Collector		<u>643.84</u>	
			<u>58,878.07</u>
Balance, December 31, 2012	A		<u><u>\$622.44</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
**Year Ended December 31, 2012**

Year	Balance	2012 Levy	Collections		Senior Citizens and Veterans Deductions	Canceled	Transferred to Tax Title Liens	Tax Overpayments Applied	Balance
	Dec. 31, 2011		2011	2012					Dec. 31, 2012
2011	\$389,847.28			\$339,347.46					\$50,499.82
2012		\$16,969,465.99	\$216,011.60	16,145,275.50	\$57,356.16	\$26,708.79	\$358.25	\$8,915.77	514,839.92
	<u>\$389,847.28</u>	<u>\$16,969,465.99</u>	<u>\$216,011.60</u>	<u>\$16,484,622.96</u>	<u>\$57,356.16</u>	<u>\$26,708.79</u>	<u>\$358.25</u>	<u>\$8,915.77</u>	<u>\$565,339.74</u>
<b>Ref.</b>	A		12-A	1-A			4-A	13-A	A

**Analysis of 2012 Property Tax Levy**

**Tax Yield:**

General Purpose Tax		\$16,933,434.94
Added Taxes (54:4-63.1 et seq.)		35,733.36
Omitted Taxes (54:4-63.12 et seq.)		297.69
		<u>\$16,969,465.99</u>

**Ref.**

**Tax Levy:**

Local District School Tax	14-A		\$3,696,190.00
County Taxes:			
County Tax	11-A	\$6,866,307.31	
County Library Tax	11-A	778,618.99	
County Health Tax	11-A	281,840.46	
County Open Space Preservation Tax	11-A	275,372.35	
Amount Due County for Added and Omitted Taxes	11-A	<u>18,007.02</u>	
			8,220,146.13
Local Tax for Municipal Purposes	A-2	5,025,984.80	
Add: Additional Tax Levied		<u>27,145.06</u>	
Local Tax for Municipal Purposes Levied			<u>5,053,129.86</u>
			<u>\$16,969,465.99</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS RECEIVABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	A	\$1,175.08
Increased by:		
Transfers from Taxes Receivable	3-A	<u>358.25</u>
Balance, December 31, 2012	A	<u><u>\$1,533.33</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>Accrued in 2012</u></b>	<b><u>Realized/ Collected</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
Alcoholic Beverage Licenses	A-2		\$12,650.00	\$12,650.00	
Other Licenses	A-2		17,706.00	17,706.00	
Fees and Permits	A-2		33,335.00	33,335.00	
Municipal Court Fines and Costs	A-2	\$5,897.61	139,149.89	141,882.47	\$3,165.03
Interest and Costs on Taxes	A-2		55,541.01	55,541.01	
Parking Meters	A-2		31,250.00	31,250.00	
Interest on Investments and Deposits	A-2		2,091.22	2,091.22	
Beach Fees	A-2		829,248.75	829,248.75	
Cable TV Franchise Fees	A-2		23,411.00	23,411.00	
Energy Receipts Tax	A-2		168,609.00	168,609.00	
Insurance Reimbursement - Police Car	A-2		9,637.50	9,637.50	
Private Donations - Holiday Decorations	A-2		3,853.34	2,000.00	
		<u>\$5,897.61</u>	<u>\$1,326,482.71</u>	<u>\$1,327,361.95</u>	<u>\$3,165.03</u>
	<b><u>Ref.</u></b>	A			A
Collected By:					
Treasurer	1-A			\$1,315,724.45	
Revenue Realized				<u>11,637.50</u>	
				<u>\$1,327,361.95</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF DUE FROM ANIMAL CONTROL FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	A	\$60.00
Decreased by:		
Cash Receipts	1-A	<u>60.00</u>
Balance, December 31, 2012	A	<u><u>\$0.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>Transfer From</u></b> <b><u>Encumbrances</u></b> <b><u>Payable</u></b>	<b><u>Balance</u></b> <b><u>After</u></b> <b><u>Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
General Administration:					
Other Expenses	\$1,311.53	\$56.07	\$1,367.60	\$179.00	\$1,188.60
Human Resources (Personnel):					
Other Expenses	100.00		100.00		100.00
Mayor and Council:					
Salaries and Wages	111.34		111.34		111.34
Other Expenses	1,334.53	118.04	1,452.57	238.50	1,214.07
Municipal Clerk:					
Salaries and Wages	4,644.66		4,644.66		4,644.66
Other Expenses:					
Printing and Legal Advertising	2,156.98	294.72	2,451.70	503.10	1,948.60
Office Equipment	195.48		195.48		195.48
Miscellaneous Other Expenses	773.06	251.67	1,024.73	655.48	369.25
Elections	773.14		773.14		773.14
Financial Administration (Treasury):					
Salaries and Wages	1,564.89		1,564.89		1,564.89
Other Expenses	172.07	961.30	1,133.37	945.48	187.89
Audit Services:					
Other Expenses		10,100.00	10,100.00	9,625.00	475.00
Computer Data Processing:					
Other Expenses	1,656.17		1,656.17		1,656.17
Revenue Administration:					
Salaries and Wages	1,477.82		1,477.82		1,477.82
Other Expenses	1,614.27	30.00	1,644.27		1,644.27
Tax Assessment Administration:					
Salaries and Wages	208.13		208.13		208.13
Other Expenses	636.46		636.46		636.46
Legal Services (Legal Department):					
Other Expenses	5,048.32	2,821.08	7,869.40	4,105.50	3,763.90

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b>Balance</b>	<b>Transfer From</b>	<b>Balance</b>	<b>Paid or</b>	<b>Balance</b>
	<b>Dec. 31, 2011</b>	<b>Encumbrances</b>	<b>After</b>	<b>Charged</b>	<b>Lapsed</b>
		<b>Payable</b>	<b>Transfers</b>		
Engineering Services:					
Other Expenses	\$1,405.00	\$315.00	\$1,720.00	\$1,140.00	\$580.00
Tax Map Update	205.00		205.00		205.00
Planning Board:					
Salaries and Wages	1,011.61		1,011.61		1,011.61
Other Expenses	2,907.38	536.13	3,443.51	281.00	3,162.51
Zoning Board of Adjustment:					
Salaries and Wages	505.82		505.82		505.82
Other Expenses	775.56	14.56	790.12		790.12
Uniform Construction Code Official:					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	100.00		100.00		100.00
Code Enforcement Officer:					
Salaries and Wages	506.03		506.03		506.03
Other Expenses	756.77	14.56	771.33		771.33
Insurance:					
General Liability	2,370.22		870.22		870.22
Worker's Compensation	1,310.92		1,310.92		1,310.92
Employee Group Health	5,140.81	1,158.00	6,298.81	1,158.00	5,140.81
Health Benefits Waiver	1.00		1.00		1.00
Police Department:					
Salaries and Wages	6,038.99		6,038.99		6,038.99
Other Expenses	4,979.36	2,100.66	7,080.02	2,188.88	4,891.14
Office of Emergency Management:					
Salaries and Wages	21.00		21.00		21.00
Other Expenses	766.55	1,485.92	2,252.47	1,485.92	766.55
Aid To Volunteer Fire Company	171.30	2,472.17	2,643.47	2,333.94	309.53
Fire Department:					
Fire Hydrant Service	1,302.68		2,802.68	1,300.00	1,502.68
Municipal Prosecutor's Office:					
Other Expenses	5,500.00		5,500.00	3,087.50	2,412.50

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b>Balance Dec. 31, 2011</b>	<b>Encumbrances Payable</b>	<b>After Transfers</b>	<b>Paid or Charged</b>	<b>Balance Lapsed</b>
Municipal Court:					
Salaries and Wages	\$4,595.68		\$4,595.68		\$4,595.68
Other Expenses	1,292.10	\$1,119.83	2,411.93	\$437.32	1,974.61
Public Defender:					
Other Expenses	2,000.00	1,693.25	3,693.25	2,613.00	1,080.25
Streets and Road Maintenance:					
Other Expenses	401.70	4,983.09	5,384.79	3,821.55	1,563.24
Schedule C		2,178.90	2,178.90	630.00	1,548.90
Other Public Works Functions:					
Salaries and Wages	21,525.49		18,525.49		18,525.49
Other Expenses	2,886.19	6,520.90	9,407.09	5,189.81	4,217.28
Solid Waste Collection:					
Garbage	1,619.01	81.25	1,700.26		1,700.26
Recycling and Source Separation	1,078.20	632.72	1,710.92		1,710.92
Buildings and Grounds:					
Other Expenses	2,927.40	2,582.78	5,510.18	1,457.26	4,052.92
Vehicle Maintenance:					
Other Expenses	1,904.67	11,662.20	13,566.87	5,521.11	8,045.76
Public Health Services:					
Salaries and Wages	59.00		59.00		59.00
Other Expenses	380.00	120.00	500.00		500.00
Animal Control Services:					
Salaries and Wages	58.04		58.04		58.04
Other Expenses	989.31	248.00	1,237.31		1,237.31
Recreation Services and Programs:					
Salaries and Wages	493.50		493.50		493.50
Other Expenses	730.02	1,394.51	2,124.53	1,250.00	874.53
Communities Service Program:					
Other Expenses	1,433.28	31.00	1,464.28	65.27	1,399.01
Maintenance of Parks:					
Other Expenses	1,116.57	643.19	1,759.76	385.00	1,374.76

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Transfer From</u> <u>Encumbrances</u> <u>Payable</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Beach and Boardwalk Operations:					
Salaries and Wages (Summer)	\$749.36		\$749.36		\$749.36
Other Expenses	866.40	\$9,946.33	10,812.73	\$9,245.39	1,567.34
Accumulated Leave Compensation	100.00		100.00		100.00
Celebration of Public Events:					
Other Expenses	73.47		73.47		73.47
Public Employees Occupational					
Safety and Health Act	170.00	2,969.40	3,139.40	2,597.72	541.68
Electricity		12,333.39	12,333.39	6,882.71	5,450.68
Street Lighting	1,239.99	4,694.33	5,934.32	3,916.72	2,017.60
Telephone	1,048.93	893.09	1,942.02	1,589.31	352.71
Water	268.22		268.22		268.22
Gas (natural or propane)	2,106.33		2,106.33		2,106.33
Fuel Oil	1,577.95	2,475.88	7,053.83	5,261.79	1,792.04
Landfill/Solid Waste Disposal Costs	17,758.24		17,758.24		17,758.24
Contingent	500.00		500.00		500.00
Social Security System (O.A.S.I.)	6,757.19		6,757.19	349.50	6,407.69
Police and Firemen's Retirement					
System of NJ	0.01		0.01		0.01
Defined Contribution Retirement					
Program	500.00		500.00		500.00
LOSAP		32,800.00	32,800.00	32,800.00	
State Recycling Tax	1,619.76		1,619.76		1,619.76
Stormwater Management:					
Other Expenses	1,126.03	240.00	1,366.03		1,366.03
Holiday Decorations	110.00		110.00		110.00
	<u>\$141,716.89</u>	<u>\$122,973.92</u>	<u>\$264,690.81</u>	<u>\$113,240.76</u>	<u>\$151,450.05</u>

<u>Ref.</u>	A	9-A		A-1
			<u>Ref.</u>	
			1-A	\$79,075.56
				34,165.20
				<u>\$113,240.76</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF DUE TO FEDERAL AND STATE GRANT FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	A		\$34,443.29
Increased by:			
2012 Budget Appropriations	A-3	\$54,770.85	
Deposited in Current Fund:			
Grants Receivable	1-A	27,042.06	
Unappropriated Reserves	1-A	<u>9,718.28</u>	
			<u>91,531.19</u>
			125,974.48
Decreased by:			
2012 Anticipated Revenue	16-A	48,370.85	
Grant Fund Appropriations Paid in Current Fund	1-A	<u>43,976.80</u>	
			<u>92,347.65</u>
Balance, December 31, 2012	A		<u><u>\$33,626.83</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	A	\$122,973.92
Increased by:		
Current Appropriations Charged	A-3	<u>197,640.71</u>
		320,614.63
Decreased by:		
Transfer to Appropriation Reserves	7-A	<u>122,973.92</u>
Balance, December 31, 2012	A	<u><u>\$197,640.71</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH ADVANCE - MAGISTRATE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2012 and 2011	A	<u><u>\$100.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF COUNTY TAXES PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	A		\$55,722.68
Increased by:			
County Tax	3-A	\$6,866,307.31	
County Library Tax	3-A	778,618.99	
County Health Tax	3-A	281,840.46	
County Open Space Preservation Tax	3-A	275,372.35	
Due County for Added and Omitted Taxes	3-A	<u>18,007.02</u>	
	A-1		<u>8,220,146.13</u>
			<u>8,275,868.81</u>
Decreased by:			
Payments	1-A		<u>8,257,861.79</u>
Balance, December 31, 2012	A		<u><u>\$18,007.02</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF PREPAID TAXES**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	A	\$216,011.60
Increased by:		
Cash Receipts	1-A	<u>152,523.22</u>
		368,534.82
Decreased by:		
Applied to Taxes Receivable	3-A	<u>216,011.60</u>
Balance, December 31, 2012	A	<u><u>\$152,523.22</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAX OVERPAYMENTS**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	A	\$8,915.77
Increased by:		
Cash Receipts	1-A	<u>8,276.70</u>
		17,192.47
Decreased by:		
Applied to Taxes Receivable	3-A	<u>8,915.77</u>
Balance, December 31, 2012	A	<u><u>\$8,276.70</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011:			
School Tax Payable	A	\$1,061,219.82	
School Tax Deferred		<u>777,957.38</u>	\$1,839,177.20
Increased by:			
Levy - School Year July 1, 2012 to June 30, 2013	3-A		<u>3,696,190.00</u>
			5,535,367.20
Decreased by:			
Payments	1-A		<u>4,282,694.10</u>
Balance, December 31, 2012:			
School Tax Payable	A	474,715.72	
School Tax Deferred		<u>777,957.38</u>	<u>\$1,252,673.10</u>
 <u>2012 Liability for Local District School Tax</u>			
Tax Paid	14-A	\$4,282,694.10	
Taxes Payable, December 31, 2012	14-A	<u>474,715.72</u>	\$4,757,409.82
Less:			
Taxes Payable, December 31, 2011	14-A		<u>1,061,219.82</u>
Amount Charged to 2012 Operations	A-1		<u>\$3,696,190.00</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF DUE FROM CURRENT FUND**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>		
Balance, December 31, 2011	A		\$34,443.29
Increased by:			
Deposited in Current Fund:			
Grants Receivable	16-A	\$27,042.06	
2012 Budget Appropriations	18-A	54,770.85	
Unappropriated Reserves	19-A	<u>9,718.28</u>	
			<u>91,531.19</u>
			125,974.48
Decreased by:			
2012 Anticipated Revenue	16-A	48,370.85	
Cash Disbursed in Current Fund	18-A	<u>43,976.80</u>	
			<u>92,347.65</u>
Balance, December 31, 2012	A		<u><u>\$33,626.83</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2012**

<u>Grant</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>2012</u> <u>Anticipated</u> <u>Revenue</u>	<u>Received</u>	<u>Transferred</u> <u>from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Municipal Alliance on Alcoholism and Drug Abuse	A-2	\$13,175.99	\$21,000.00	\$13,215.51		\$20,960.48
N.J. DOT Bikeway Grant (Bayfront Bike Path)		10,349.17				10,349.17
N.J. DEP Stormwater Grant		1,705.00				1,705.00
Ocean County Tourism Grant	A-2		1,150.00	1,150.00		
Ocean County Transportation Clean Communities Program	A-2	1,500.00				1,500.00
COPS in Shops	A-2	1,200.00	9,714.05	9,714.05		
Body Armor Replacement Fund	A-2		1,607.70		\$1,607.70	
Over the Limit Under Arrest		2,200.00				2,200.00
Local Arts Program	A-2		750.00	562.50		187.50
Municipal Energy Audit Program		9,363.53				9,363.53
Alcohol Education and Rehabilitation Fund	A-2		1,186.56		1,186.56	
Drunk Driving Enforcement Fund	A-2		4,919.99		4,919.99	
Recycling Tonnage Grant	A-2		6,842.55		6,842.55	
		<u>\$39,493.69</u>	<u>\$48,370.85</u>	<u>\$27,042.06</u>	<u>\$14,556.80</u>	<u>\$46,265.68</u>
<u>Ref.</u>		A	15-A,8-A	15-A	19-A	A

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	A	\$2,703.15
Increased by:		
Charged to Appropriated Reserves	18-A	<u>2,254.19</u>
		4,957.34
Decreased by:		
Transferred to Appropriated Reserves	18-A	<u>2,703.15</u>
Balance, December 31, 2012	A	<u><u>\$2,254.19</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2012**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>2012 Budget Appropriations</b>	<b>Transferred From Encumbrances Payable</b>	<b>Expended</b>	<b>Encumbered</b>	<b>Balance Dec. 31, 2012</b>
Alcohol Education and Rehabilitation Fund	\$1,759.56	\$1,186.56				\$2,946.12
Drunk Driving Enforcement Fund	21,027.62	4,919.99		\$1,690.56		24,257.05
Recycling Tonnage Grant - 2008	142.94					142.94
Recycling Tonnage Grant - 2009	2,163.32					2,163.32
Recycling Tonnage Grant - 2010	7,541.67					7,541.67
Recycling Tonnage Grant - 2011	3,059.56					3,059.56
Recycling Tonnage Grant - 2012		6,842.55		1,284.74		5,557.81
Body Armor Replacement Fund	324.51	1,607.70			\$1,932.21	
Municipal Alliance on Alcoholism and Drug Abuse - 2009	3,178.28					3,178.28
Municipal Alliance on Alcoholism and Drug Abuse - 2010	240.99					240.99
Municipal Alliance on Alcoholism and Drug Abuse - 2011	125.00		\$2,703.15	2,828.15		
Municipal Alliance on Alcoholism and Drug Abuse - 2012		26,250.00		24,209.30	321.98	1,718.72
Ocean County Tourism Grant		2,300.00		2,300.00		
Ocean County Transportation	1,500.00					1,500.00

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2012**

<b>Grant</b>	<b>Balance Dec. 31, 2011</b>	<b>2012 Budget Appropriations</b>	<b>Transferred From Encumbrances Payable</b>	<b>Expended</b>	<b>Encumbered</b>	<b>Balance Dec. 31, 2012</b>
Municipal Energy Audit Program	\$9,363.53					\$9,363.53
Over the Limit Under Arrest	1,950.00					1,950.00
Local Arts Program		\$750.00		\$750.00		
Clean Communities Grant		9,714.05		9,714.05		
COPS in Shops		1,200.00		1,200.00		
	<u>\$52,376.98</u>	<u>\$54,770.85</u>	<u>\$2,703.15</u>	<u>\$43,976.80</u>	<u>\$2,254.19</u>	<u>\$63,619.99</u>
<b><u>Ref.</u></b>	A	15-A	17-A	15-A	17-A	A

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**  
**Year Ended December 31, 2012**

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Received</u>	<u>Appropriated</u>	<u>Balance Dec. 31, 2012</u>
Recycling Tonnage Grant	\$6,842.55	\$8,079.93	\$6,842.55	\$8,079.93
Body Armor Replacement Fund	1,607.70	1,638.35	1,607.70	1,638.35
Alcohol Education and Rehabilitation Fund	1,186.56		1,186.56	
Drunk Driving Enforcement Fund	4,919.99		4,919.99	
	<u>\$14,556.80</u>	<u>\$9,718.28</u>	<u>\$14,556.80</u>	<u>\$9,718.28</u>
<u>Ref.</u>	A	15-A	16-A	A

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Animal Control Trust Fund</u></b>	<b><u>Other Trust Fund</u></b>
Balance, December 31, 2011	B	\$620.38	\$198,345.28
Increased by Receipts:			
State Dog License Fees	2-B	\$108.60	
Payroll Deductions Payable	3-B		\$1,933,079.87
Miscellaneous Reserves	4-B		298,558.79
Dog License Fees	5-B	511.00	
Cat License Fees	5-B	24.00	
		<u>643.60</u>	
		1,263.98	<u>2,231,638.66</u>
			2,429,983.94
Decreased by Disbursements:			
State Dog License Fees	2-B	109.80	
Payroll Deductions Payable	3-B		1,893,360.35
Miscellaneous Reserves	4-B		222,369.73
Due to Current Fund		60.00	
Animal Control Expenditures	5-B	728.20	
		<u>898.00</u>	
			<u>2,115,730.08</u>
Balance, December 31, 2012	B	<u><u>\$365.98</u></u>	<u><u>\$314,253.86</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ANIMAL CONTROL FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	B	\$1.20
Increased by:		
Receipts	1-B	<u>108.60</u>
		109.80
Decreased by:		
Cash Disbursements	1-B	<u>109.80</u>
Balance, December 31, 2012	B	<u><u>\$0.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**OTHER TRUST FUND**  
**SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>Increased by</u></b> <b><u>Receipts</u></b>	<b><u>Decreased by</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
Federal Income Tax		\$527,080.67	\$527,080.67	
Social Security		602,041.51	602,041.51	
State Income Tax		134,692.41	134,692.41	
State Unemployment Insurance		11,185.60	11,185.60	
Pension	\$2,479.91	376,323.38	342,723.20	\$36,080.09
Federal Credit Union		100,326.00	100,326.00	
Insurance	1,445.61	6,940.71	8,233.12	153.20
Union Dues	57.00	13,669.00	13,669.00	57.00
Deferred Compensation		46,072.32	46,072.32	
Health Insurance	1,688.97	53,536.94	46,125.19	9,100.72
Garnishments		61,211.33	61,211.33	
	<b><u>\$5,671.49</u></b>	<b><u>\$1,933,079.87</u></b>	<b><u>\$1,893,360.35</u></b>	<b><u>\$45,391.01</u></b>
<b><u>Ref.</u></b>	B	1-B	1-B	B

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**OTHER TRUST FUND**  
**SCHEDULE OF MISCELLANEOUS RESERVES**  
**Year Ended December 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Increased by</u> <u>Receipts</u>	<u>Decreased by</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Parking Offenses Adjudication Act	\$1,116.00	\$282.00		\$1,398.00
Developers Escrow Fund	6,614.21	21,645.00	\$13,851.71	14,407.50
Municipal Alliance on Alcohol and Drug Abuse - Program Income	3,489.71	2,845.50	2,377.80	3,957.41
Recreation	1,827.63	28,588.50	13,646.73	16,769.40
Recycling Program	38,970.29	25,082.32		64,052.61
Disposal of Forfeited Property	4,608.69	3,848.27	769.69	7,687.27
Police Vest Fund Donations	810.92	100.00		910.92
Off-Duty Police	435.80	13,684.04	13,557.73	562.11
Public Defender	1,233.58	2,719.50	2,210.98	1,742.10
Accumulated Absences	20,455.85			20,455.85
Unemployment Compensation Insurance	21,016.42	37,101.66	9,931.44	48,186.64
Snow Removal	43,098.81			43,098.81
Uniform Construction Code	48,245.88	153,932.00	161,503.65	40,674.23
Uniform Fire Safety	750.00			750.00
Solar Energy Application Escrow		8,730.00	4,520.00	4,210.00
	<u>\$192,673.79</u>	<u>\$298,558.79</u>	<u>\$222,369.73</u>	<u>\$268,862.85</u>
<b><u>Ref.</u></b>	<b>B</b>	<b>1-B</b>	<b>1-B</b>	<b>B</b>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ANIMAL CONTROL FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	B		\$552.18
Increased by:			
Dog License Fees	1-B	\$511.00	
Prepaid License Fees		7.00	
Cat License Fees	1-B	<u>24.00</u>	
			<u>542.00</u>
			1,094.18
Decreased by:			
Cash Disbursements	1-B		<u>728.20</u>
Balance, December 31, 2012	B		<u><u>\$365.98</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2011	\$578.00
2010	<u>570.00</u>
	<u><u>\$1,148.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF LENGTH OF SERVICE AWARD**  
**PROGRAM FUND INVESTMENTS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	B		\$219,910.38
Increased by:			
Change in Market Value	7-B		<u>24,798.98</u>
			244,709.36
Decreased by:			
Administrative Charges	7-B	\$1,225.00	
Return of Non-Vested Funds	7-B	2,875.16	
Distributions	7-B	<u>7,900.30</u>	
			<u>12,000.46</u>
Balance, December 31, 2012	B		<u><u>\$232,708.90</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD**  
**PROGRAM FUND**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>		
Balance, December 31, 2011 (as restated)	B		\$247,510.38
Increased by:			
Municipal Contributions Receivable		\$32,800.00	
Change in Market Value	6-B	<u>24,798.98</u>	
			<u>57,598.98</u>
			305,109.36
Decreased by:			
Administrative Charges	6-B	1,225.00	
Return of Non-Vested Funds	6-B	2,875.16	
Distributions	6-B	<u>7,900.30</u>	
			<u>12,000.46</u>
Balance, December 31, 2012	B		<u><u>\$293,108.90</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	C		\$31,994.31
Increased by Receipts:			
Bond Anticipation Notes	7-C	\$75,000.00	
Budget Appropriations:			
Capital Improvement Fund	10-C	5,000.00	
Grants Receivable	5-C	275,608.80	
Premium on the Sale of Notes	C-1	<u>5,127.78</u>	
			<u>360,736.58</u>
			<u>392,730.89</u>
Decreased by Disbursements:			
Improvement Authorizations	9-C		<u>184,410.88</u>
Balance, December 31, 2012	C		<u><u>\$208,320.01</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2012**

	<b>Balance</b>
	<b><u>Dec. 31, 2012</u></b>
Fund Balance	\$99,186.97
Capital Improvement Fund	65,712.41
DOT Grants Receivable (Net of Reserve)	(431,112.93)
Contracts Payable	243,319.83
Cash on Hand to Pay Bond Anticipation Notes	1,307.85
Reserve to Pay Bond Anticipation Notes	19,039.73

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	
1021	Acquisition of Capital Vehicles and Equipment for the Public Works Department	47,804.05
1045	Purchase of a Sanitation Truck and Improvements to Parks and Playgrounds	2,716.19
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	4,213.93
1085	Improvements to the Boardwalk	4,960.37
1086	Energy Efficiency Improvements	93,345.74
1093	Road Improvements to Camden Avenue	18,779.37
1106	Road Improvements to Westmont Avenue	39,046.50
		<b><u>\$208,320.01</u></b>

**Ref.**

C

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE**  
**TAXATION - FUNDED**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	C	\$1,935,000.00
Decreased by:		
Paid by Budget Appropriation:		
Serial Bonds	6-C	<u>135,000.00</u>
Balance, December 31, 2012	C	<u>\$1,800,000.00</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**Year Ended December 31, 2012**

Ordinance Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond Anticipation Notes Paid By Budget	Balance Dec. 31, 2012	Analysis of Balance Dec. 31, 2012
						Financed by Bond Anticipation Notes
940	Purchase of Communication Equipment	\$34,825.00		\$15,835.00	\$18,990.00	\$18,990.00
963/918	Acquisition of Various Vehicles	236,260.00		139,060.00	97,200.00	97,200.00
990	Acquisition of Vehicles and Apparatus	118,861.13		30,000.00	88,861.13	88,861.13
1048/1029/1020/1013/ 1005/985/968/920 1010/1004	Improvements To Boardwalks and Docks Improvements To Magee Avenue and Stormwater Improvements Along Bond and Magee Avenues	672,115.00		74,460.00	597,655.00	597,655.00
1018	Improvements to Borough Tennis Courts	45,501.17		3,115.00	42,386.17	42,386.17
1021	Acquisition of Capital Vehicles and Equipment for Public Works Department	61,739.85		4,915.00	56,824.85	56,824.85
1045	Purchase of a Sanitation Truck and Improvements to Parks and Playgrounds	53,700.00		10,600.00	43,100.00	43,100.00
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	154,750.00		16,000.00	138,750.00	138,750.00
1065	Grand Central Avenue Beautification Project	47,000.00		1,600.00	45,400.00	45,400.00
1074	Road Improvements to New Brunswick Avenue	112,000.00			112,000.00	112,000.00
1085	Road Improvements to New Brunswick Avenue	50,000.00			50,000.00	50,000.00
1086	Improvements to the Boardwalk	95,000.00			95,000.00	95,000.00
1086	Energy Efficiency Improvements	95,000.00			95,000.00	95,000.00
1093	Road Improvements to Camden Avenue	65,000.00			65,000.00	65,000.00
1106	Road Improvements to Westmont Avenue		\$75,000.00		75,000.00	75,000.00
		<u>\$1,841,752.15</u>	<u>\$75,000.00</u>	<u>\$295,585.00</u>	<u>\$1,621,167.15</u>	<u>\$1,621,167.15</u>
	<u>Ref.</u>	C	9-C	7-C	C	
	Bond Anticipation Notes					\$1,622,475.00
	Less: Cash on Hand to Pay Notes					
	990 Acquisition of Vehicles and Apparatus				\$138.87	
	1010/1004 Improvements To Magee Avenue and Stormwater Improvements Along Bond and Magee Avenues				1,168.83	
	1018 Improvements to Borough Tennis Courts				0.15	
						<u>1,307.85</u>
						<u>\$1,621,167.15</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	C	\$554,157.54
Increased by:		
Improvement Authorization	9-C	175,000.00
		<u>729,157.54</u>
Decreased by:		
Cash Receipts	1-C	275,608.80
		<u>275,608.80</u>
Balance, December 31, 2012	C	<u>\$453,548.74</u>

**Analysis of Grants Receivable Balance:**

State of New Jersey D.O.T.	<u>\$453,548.74</u>
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<u>Improvement Description</u>	<u>Ordinance Number</u>	
Improvements to New Jersey Avenue	924	\$22,435.81
Improvements to Bond Avenue	941	8,201.77
Improvements to Reese Avenue	978	11,555.77
Road Improvements to White, Coleman and Ortley Avenues	1019	33,694.62
Improvements to Kerr Avenue and the Municipal Parking Lot	1044	19,245.56
Grand Central Avenue Beautification Project	1065	275,358.86
Road Improvements to Camden Avenue	1093	39,306.35
Road Improvements to Westmont Avenue	1106	43,750.00
		<u>\$453,548.74</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GENERAL SERIAL BONDS**  
**Year Ended December 31, 2012**

<b>Purpose</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Maturities of Bonds</b>		<b>Interest Rate</b>	<b>Balance Dec. 31, 2011</b>	<b>Paid by 2012 Budget</b>	<b>Balance Dec. 31, 2012</b>
			<b>Outstanding Date</b>	<b>Dec. 31, 2012 Amount</b>				
General Capital Refunding Bonds	10/12/05	\$2,256,000.00	4/1/13	\$135,000.00	4.50%	<u>\$1,935,000.00</u>	<u>\$135,000.00</u>	<u>\$1,800,000.00</u>
			4/1/14	140,000.00	4.50%			
			4/1/15-16	140,000.00	3.75%			
			4/1/17-20	140,000.00	4.00%			
			4/1/21-22	140,000.00	4.25%			
			4/1/23-25	135,000.00	4.25%			
					<b>Ref.</b>	C	3-C	C

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2012</u>
963/918	Acquisition of Various Vehicles	9/19/2003	9/9/2011	9/7/2012	1.50%	\$112,660.00		\$112,660.00	
963/918	Acquisition of Various Vehicles	12/23/2005	9/9/2011	9/7/2012	1.50%	123,600.00		123,600.00	
940	Purchase of Communication Equipment	9/17/2004	9/9/2011	9/7/2012	1.50%	34,825.00		34,825.00	
990	Acquisition of Vehicles and Apparatus	9/15/2006	9/9/2011	9/7/2012	1.50%	119,000.00		119,000.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/19/2003	9/9/2011	9/7/2012	1.50%	30,030.00		30,030.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	12/23/2005	9/9/2011	9/7/2012	1.50%	71,000.00		71,000.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/15/2006	9/9/2011	9/7/2012	1.50%	76,500.00		76,500.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/14/2007	9/9/2011	9/7/2012	1.50%	115,000.00		115,000.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/14/2007	9/9/2011	9/7/2012	1.50%	122,500.00		122,500.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/12/2008	9/9/2011	9/7/2012	1.50%	127,000.00		127,000.00	
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	12/23/2008	9/9/2011	9/7/2012	1.50%	130,085.00		130,085.00	
1010/1004	Improvements to Magee Avenue and Stormwater Improvements	9/11/2009	9/9/2011	9/7/2012	1.50%	46,670.00		46,670.00	
1018	Improvements to Borough Tennis Courts	9/14/2007	9/9/2011	9/7/2012	1.50%	61,740.00		61,740.00	
1021	Acquisition of Capital Vehicles and Equipment for Public Works Department	9/14/2007	9/9/2011	9/7/2012	1.50%	53,700.00		53,700.00	
1045	Purchase of a Sanitation Truck and Improvements to Parks and Playgrounds	12/23/2008	9/9/2011	9/7/2012	1.50%	154,750.00		154,750.00	
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	9/10/2010	9/9/2011	9/7/2012	1.50%	27,000.00		27,000.00	
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	9/10/2010	9/9/2011	9/7/2012	1.50%	20,000.00		20,000.00	
1065	Grand Central Avenue Beautification Project	9/10/2010	9/9/2011	9/7/2012	1.50%	112,000.00		112,000.00	
1074	Road Improvements to New Brunswick Avenue	12/29/2010	9/9/2011	9/7/2012	1.50%	50,000.00		50,000.00	
1085	Improvements to the Boardwalk	9/10/2010	9/9/2011	9/7/2012	1.50%	95,000.00		95,000.00	
1086	Energy Efficiency Improvements	9/10/2010	9/9/2011	9/7/2012	1.50%	95,000.00		95,000.00	
1093	Road Improvements to Camden Avenue	9/9/2011	9/9/2011	9/7/2012	1.50%	65,000.00		65,000.00	
963/918	Acquisition of Various Vehicles	12/23/2005	9/7/2012	9/6/2013	1.25%		\$97,200.00		\$97,200.00
940	Purchase of Communication Equipment	9/17/2004	9/7/2012	9/6/2013	1.25%		18,990.00		18,990.00
990	Acquisition of Vehicles and Apparatus	9/15/2006	9/7/2012	9/6/2013	1.25%		89,000.00		89,000.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/19/2003	9/7/2012	9/6/2013	1.25%		8,070.00		8,070.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	12/23/2005	9/7/2012	9/6/2013	1.25%		63,500.00		63,500.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/15/2006	9/7/2012	9/6/2013	1.25%		69,000.00		69,000.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/14/2007	9/7/2012	9/6/2013	1.25%		107,500.00		107,500.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/14/2007	9/7/2012	9/6/2013	1.25%		107,500.00		107,500.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	9/12/2008	9/7/2012	9/6/2013	1.25%		119,500.00		119,500.00
1048/1029/1020/1013/1005/985/968/920	Improvements To Boardwalks and Docks	12/23/2008	9/7/2012	9/6/2013	1.25%		122,585.00		122,585.00
1010/1004	Improvements to Magee Avenue and Stormwater Improvements	9/11/2009	9/7/2012	9/6/2013	1.25%		43,555.00		43,555.00
1018	Improvements to Borough Tennis Courts	9/14/2007	9/7/2012	9/6/2013	1.25%		56,825.00		56,825.00
1021	Acquisition of Capital Vehicles and Equipment for Public Works Department	9/14/2007	9/7/2012	9/6/2013	1.25%		43,100.00		43,100.00
1045	Purchase of a Sanitation Truck and Improvements to Parks and Playgrounds	12/23/2008	9/7/2012	9/6/2013	1.25%		138,750.00		138,750.00

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Improvement Authorizations</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	9/10/2010	9/7/2012	9/6/2013	1.25%		\$25,400.00		\$25,400.00
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	9/10/2010	9/7/2012	9/6/2013	1.25%		20,000.00		20,000.00
1065	Grand Central Avenue Beautification Project	9/10/2010	9/7/2012	9/6/2013	1.25%		112,000.00		112,000.00
1074	Road Improvements to New Brunswick Avenue	12/29/2010	9/7/2012	9/6/2013	1.25%		50,000.00		50,000.00
1085	Improvements to the Boardwalk	9/10/2010	9/7/2012	9/6/2013	1.25%		95,000.00		95,000.00
1086	Energy Efficiency Improvements	9/10/2010	9/7/2012	9/6/2013	1.25%		95,000.00		95,000.00
1093	Road Improvements to Camden Avenue	9/9/2011	9/7/2012	9/6/2013	1.25%		65,000.00		65,000.00
1106	Road Improvements to Westmont Avenue	9/7/2012	9/7/2012	9/6/2013	1.25%		75,000.00		75,000.00
						<u>\$1,843,060.00</u>	<u>\$1,622,475.00</u>	<u>\$1,843,060.00</u>	<u>\$1,622,475.00</u>
						C			C
					<b>Ref.</b>				
					1-C		\$75,000.00		
					4-C			\$295,585.00	
							<u>1,547,475.00</u>	<u>1,547,475.00</u>	
							<u>\$1,622,475.00</u>	<u>\$1,843,060.00</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CONTRACTS PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	C	\$141,834.18
Increased by:		
Charged to Improvement Authorizations	9-C	<u>243,319.83</u>
		385,154.01
Decreased by:		
Transfer to Improvement Authorizations	9-C	<u>141,834.18</u>
Balance, December 31, 2012	C	<u><u>\$243,319.83</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Improvement Authorizations</b>	<b>Balance Dec. 31, 2011 Unfunded</b>	<b>Transfer From Contracts Payable</b>	<b>2012 Authorizations</b>	<b>Expended</b>	<b>Contracts Payable</b>	<b>Balance Dec. 31, 2012 Unfunded</b>
1021	Acquisition of Capital Vehicles and Equipment for the Public Works Department	\$47,804.05					\$47,804.05
1045	Purchase of a Sanitation Truck and Improvements to Parks and Playgrounds	2,916.19			\$200.00		2,716.19
1064/1058	Road Improvements to Bond Avenue and Kerr Avenue	4,213.93					4,213.93
1065	Grand Central Avenue Beautification Project	1,079.33			1,079.33		
1074	Road Improvements to New Brunswick Avenue		\$9,046.05		9,046.05		
1085	Improvements to the Boardwalk	68,067.07			400.00	\$62,706.70	4,960.37
1086	Energy Efficiency Improvements	93,345.74					93,345.74
1093	Road Improvements to Camden Avenue	29,336.37	132,788.13		143,045.13	300.00	18,779.37
1106	Road Improvements to Westmont Avenue			\$250,000.00	30,640.37	180,313.13	39,046.50
		<u>\$246,762.68</u>	<u>\$141,834.18</u>	<u>\$250,000.00</u>	<u>\$184,410.88</u>	<u>\$243,319.83</u>	<u>\$210,866.15</u>
	<b>Ref.</b>	C	8-C		1-C	8-C	C
	Deferred Charges to Future Taxation - Unfunded		<b>Ref.</b>				
	N.J.D.O.T. Grants Receivable		4-C	\$75,000.00			
			5-C	175,000.00			
				<u>\$250,000.00</u>			

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	C	\$60,712.41
Increased by:		
2012 Budget Appropriation	1-C	<u>5,000.00</u>
Balance, December 31, 2012	C	<u><u>\$65,712.41</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE**  
**December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2012 and 2011	C	<u>\$22,435.81</u>
<b><u>Analysis of Balance:</u></b>		
Ordinance 924 - Improvements to New Jersey Avenue		<u>\$22,435.81</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>
Balance, December 31, 2011	D	\$276,560.33	\$75,182.44
Increased by Receipts:			
Fire Hydrant Service	D-3	\$22,050.00	
Miscellaneous Revenue	D-3	14,044.22	
Consumer Accounts Receivable	3-D	827,315.04	
Premium on Notes Issued	D-2		\$58.54
Premium on Serial Bonds Issued:			
Fund Balance	D-2		3,460.78
Reserve for Amortization	13-D		47,707.06
Serial Bonds Issued	9-D		1,560,000.00
Due to Sewer Utility Capital Fund			33,960.87
Water Rent Overpayments	7-D	<u>1,772.13</u>	
		865,181.39	
		<u>1,141,741.72</u>	<u>1,645,187.25</u>
Decreased by Disbursements:			
Appropriations	D-4	632,078.15	
Appropriation Reserves	5-D	16,825.55	
Accrued Interest Payable	8-D	107,544.43	
USDA Loans	11-D		<u>1,607,707.06</u>
		<u>756,448.13</u>	<u>1,607,707.06</u>
Balance, December 31, 2012	D	<u><u>\$385,293.59</u></u>	<u><u>\$112,662.63</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF WATER UTILITY CAPITAL FUND CASH**  
**December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
Capital Improvement Fund	\$42,970.00
Fund Balance	34,434.41
Due to Sewer Utility Capital Fund	33,960.87
Reserve to Pay Bond Anticipation Notes	1,296.48
Cash on Hand to Pay Bond Anticipation Notes	0.87
	<b><u>\$112,662.63</u></b>
<b><u>Ref.</u></b>	D

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	D		\$39,404.90
Increased by:			
Water Rents Levied			<u>852,588.90</u>
			891,993.80
Decreased by:			
Collections	1-D	\$827,315.04	
Overpayments Applied	7-D	<u>2,524.41</u>	
	D-3		<u>829,839.45</u>
Balance, December 31, 2012	D		<u><u>\$62,154.35</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**  
**Year Ended December 31, 2012**

	<b>Balance</b>	<b>Addition</b>	<b>Balance</b>
	<b>Dec. 31, 2011</b>	<b>By Budget</b>	<b>Dec. 31, 2012</b>
	<b>Dec. 31, 2011</b>	<b>Capital</b>	<b>Dec. 31, 2012</b>
	<b>Dec. 31, 2011</b>	<b>Outlay</b>	<b>Dec. 31, 2012</b>
Pumping System Land	\$1,563.90		\$1,563.90
Spring and Wells	135,756.16		135,756.16
Pumping Station Structure	20,791.12		20,791.12
Electric Power Pumping Equipment	14,351.22		14,351.22
Other Electric Power Pumping Equipment	8,885.76		8,885.76
Transmission Mains and Accessories	137,927.75		137,927.75
Tank and Sandpipes	208,538.45		208,538.45
Distribution Mains and Accessories	4,588,403.24		4,588,403.24
General Equipment	66,776.29		66,776.29
General Structure	2,871.12		2,871.12
Meters	228,311.41	\$25,000.00	253,311.41
Automotive Equipment	70,650.83		70,650.83
Water Tower	1,691,000.00		1,691,000.00
Water Main To West Point Island	198,602.89		198,602.89
Water Treatment Plant	390,693.80		390,693.80
Computer System	30,634.39		30,634.39
Capitalized Interest - D.E.P. Loan	14,500.06		14,500.06
Phone System	6,800.00		6,800.00
	<u>\$7,817,058.39</u>	<u>\$25,000.00</u>	<u>\$7,842,058.39</u>

**Ref.**

D

13-D

D

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$18,444.66	\$18,444.66		\$18,444.66
Other Expenses	40,350.25	40,350.25	\$16,825.55	23,524.70
Statutory Expenditures:				
Social Security System (O.A.S.I.)	2,298.16	2,298.16		2,298.16
	<u>\$61,093.07</u>	<u>\$61,093.07</u>	<u>\$16,825.55</u>	<u>\$44,267.52</u>
			<u>1-D</u>	<u>D-1</u>
Appropriation Reserves	D	\$33,215.27		
Encumbrances Payable	6-D	27,877.80		
		<u>\$61,093.07</u>		

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	D	\$27,877.80
Increased by:		
Transferred from Budget Appropriations	D-4	<u>35,319.52</u> 63,197.32
Decreased by:		
Transferred to Appropriation Reserves	5-D	<u>27,877.80</u>
Balance, December 31, 2012	D	<u><u>\$35,319.52</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF WATER OVERPAYMENTS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	D	\$2,524.41
Increased by:		
Overpayments in 2012	1-D	<u>1,772.13</u>
		4,296.54
Decreased by:		
Application to Consumer Accounts Receivable	3-D	<u>2,524.41</u>
Balance, December 31, 2012	D	<u><u>\$1,772.13</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	D	\$15,087.00
Increased by:		
Budget Appropriations	D-4	<u>106,519.56</u>
		121,606.56
Decreased by:		
Interest Paid	1-D	<u>107,544.43</u>
Balance, December 31, 2012	D	<u><u>\$14,062.13</u></u>

**Analysis of Accrued Interest Payable - December 31, 2012**

Principal Outstanding December 31, 2012	Interest Rate	From	To	Period	Amount
<b>Serial Bonds:</b>					
\$140,000.00	3.75%	10/1/2012	12/31/2012	3 Months	\$1,312.50
150,000.00	4.50%	10/1/2012	12/31/2012	3 Months	1,687.50
285,000.00	4.00%	10/1/2012	12/31/2012	3 Months	2,850.00
320,000.00	4.25%	10/1/2012	12/31/2012	3 Months	3,400.00
80,000.00	3.00%	12/1/2012	12/31/2012	1 Month	203.84
350,000.00	3.50%	12/1/2012	12/31/2012	1 Month	1,040.41
380,000.00	3.25%	12/1/2012	12/31/2012	1 Month	1,048.90
720,000.00	4.00%	12/1/2012	12/31/2012	1 Month	2,446.03
<b>Bond Anticipation Notes:</b>					
\$18,524.00	1.25%	9/7/2012	12/31/2012	115 Days	<u>72.95</u>
					<u><u>\$14,062.13</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS**  
**Year Ended December 31, 2012**

<b>Purpose</b>	<b>Original Issue</b>		<b>Maturities of Bonds</b>			<b>Interest Rate</b>	<b>Balance</b>		<b>Balance Dec. 31, 2012</b>							
	<b>Date</b>	<b>Amount</b>	<b>Outstanding Dec. 31, 2012</b>	<b>Date</b>	<b>Amount</b>		<b>Dec. 31, 2011</b>	<b>Increased</b>		<b>Decreased</b>						
Refunding Bonds	10/12/05	\$1,144,000.00	4/1/13-14	\$75,000.00	4.50%	\$970,000.00		\$75,000.00	\$895,000.00							
			4/1/15-16	70,000.00	3.75%											
			4/1/17	70,000.00	4.00%											
			4/1/18	75,000.00	4.00%											
			4/1/19-20	70,000.00	4.00%											
			4/1/21	70,000.00	4.25%											
			4/1/22-23	65,000.00	4.25%											
			4/1/24-25	60,000.00	4.25%											
			Refunding Bonds	7/18/12	\$1,560,000.00					12/1/13-14	40,000.00	3.00%		\$1,560,000.00	30,000.00	1,530,000.00
12/1/15-17	45,000.00	4.00%														
12/1/18-19	50,000.00	4.00%														
12/1/20-22	55,000.00	4.00%														
12/1/23-24	60,000.00	4.00%														
12/1/25-26	65,000.00	4.00%														
12/1/27	70,000.00	4.00%														
12/1/28	70,000.00	3.25%														
12/1/29-30	75,000.00	3.25%														
12/1/31-32	80,000.00	3.25%														
12/1/33-34	85,000.00	3.50%														
12/1/35-36	90,000.00	3.50%														
						<u>\$970,000.00</u>	<u>\$1,560,000.00</u>	<u>\$105,000.00</u>	<u>\$2,425,000.00</u>							
						<b><u>Ref.</u></b>	<b>D</b>	<b>1-D</b>	<b>13-D</b>	<b>D</b>						

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF WATER UTILITY BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
919/944	Water Improvements	9/19/2003	9/9/2011	9/7/2012	1.50%	\$10,200.00		\$10,200.00	
919/944	Water Improvements	9/17/2004	9/9/2011	9/7/2012	1.50%	27,924.00		27,924.00	
919/944	Water Improvements	9/19/2004	9/7/2012	9/6/2013	1.25%		\$18,524.00		\$18,524.00
						<u>\$38,124.00</u>	<u>\$18,524.00</u>	<u>\$38,124.00</u>	<u>\$18,524.00</u>
					<b><u>Ref.</u></b>				<b>D</b>
							\$18,524.00	\$18,524.00	
					13-D			19,600.00	
							<u>\$18,524.00</u>	<u>\$38,124.00</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF U.S.D.A. LOAN PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	D	\$1,607,707.06
Decreased by:		
Loan Principal Paydown	1-D	<u>1,607,707.06</u>
Balance, December 31, 2012	D	<u><u>\$0.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2012 and 2011	D	<u><u>\$42,970.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	D		\$5,201,228.20
Increased by:			
Capital Outlay by Operating Budget	4-D	\$25,000.00	
Bonds Paid by Operating Budget	9-D	105,000.00	
Notes Paid by Operating Budget	10-D	19,600.00	
Premium on the Sale of Bonds	1-D	<u>47,707.06</u>	
			<u>197,307.06</u>
Balance, December 31, 2012	D		<u><u>\$5,398,535.26</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>
Balance, December 31, 2011	E	\$140,974.81	\$59,795.88
Increased by Receipts:			
Miscellaneous Revenue	E-3	\$16,043.93	
Consumer Accounts Receivable	3-E	1,427,074.84	
Sewer Rent Overpayments	9-E	2,964.65	
Serial Bonds Issued			\$3,395,000.00
Premium on Serial Bonds Issued:			
Fund Balance	E-2		7,532.79
Reserve for Amortization	13-E		102,339.54
Premium on Notes Issued	E-2		244.94
		<u>1,446,083.42</u>	<u>3,505,117.27</u>
		1,587,058.23	3,564,913.15
Decreased by Disbursements:			
Appropriations	E-4	1,096,557.30	
Appropriation Reserves	6-E	8,034.82	
Accrued Interest Payable	8-E	243,546.19	
Due from Water Utility Capital Fund	5-E		33,960.87
USDA Loans			3,497,339.54
		<u>1,348,138.31</u>	<u>3,531,300.41</u>
Balance, December 31, 2012	E	<u><u>\$238,919.92</u></u>	<u><u>\$33,612.74</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF SEWER UTILITY CAPITAL FUND CASH**  
**December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
Capital Improvement Fund	\$33,500.00
Fund Balance	12,154.61
Due from Water Utility Capital Fund	(33,960.87)
Reserve to Pay Debt Service	21,919.00
	<b><u>\$33,612.74</u></b>

**Ref.**      E

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>		
Balance, December 31, 2011	E		\$59,868.24
Increased by:			
Sewer Rents Levied			<u>1,461,868.31</u>
			1,521,736.55
Decreased by:			
Collections	1-E	\$1,427,074.84	
Overpayments Applied	9-E	<u>6,476.12</u>	
	E-3		<u>1,433,550.96</u>
Balance, December 31, 2012	E		<u><u>\$88,185.59</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**  
**Year Ended December 31, 2012**

	<b>Balance Dec. 31, 2012 and 2011</b>
Sewer System	\$9,279,546.33
Sewer Jet Vac	39,575.00
Automotive Equipment	17,868.21
Sewer Camera	9,500.00
Phone System	6,800.00
Computer System	6,507.25
	<b>\$9,359,796.79</b>

**Ref.**

E

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF DUE FROM WATER UTILITY CAPITAL FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$0.00
Increased by:		
Cash Disbursements	1-E	<u>33,960.87</u>
Balance, December 31, 2012	E	<u><u>\$33,960.87</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

		<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>Balance After</u></b> <b><u>Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Operating:					
Salaries and Wages		\$11,676.12	\$11,676.12		\$11,676.12
Other Expenses		18,749.62	18,749.62	\$8,034.82	10,714.80
Ocean County Utilities Authority		161.80	161.80		161.80
Statutory Expenditures:					
Social Security System (O.A.S.I.)		2,438.95	2,438.95		2,438.95
		<u>\$33,026.49</u>	<u>\$33,026.49</u>	<u>\$8,034.82</u>	<u>\$24,991.67</u>
	<b><u>Ref.</u></b>			1-E	E-1
Appropriation Reserves	E	\$17,977.30			
Encumbrances Payable	7-E	15,049.19			
		<u>\$33,026.49</u>			

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	E	\$15,049.19
Increased by:		
Charged to Budget Appropriations	E-4	19,440.42
		<u>34,489.61</u>
Decreased by:		
Transferred to Appropriation Reserves	6-E	15,049.19
		<u>15,049.19</u>
Balance, December 31, 2012	E	<u><u>\$19,440.42</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	E	\$52,278.33
Increased by:		
Budget Appropriations	E-4	216,662.98
		<u>268,941.31</u>
Decreased by:		
Interest Paid	1-E	243,546.19
		<u>243,546.19</u>
Balance, December 31, 2012	E	<u><u>\$25,395.12</u></u>

**Analysis of Accrued Interest Payable - December 31, 2012**

<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<b>Serial Bonds, Loans and Notes:</b>					
\$240,000.00	5.25%	08/01/12	12/31/12	5 Months	\$5,250.00
145,000.00	3.75%	10/01/12	12/31/12	3 Months	1,359.38
275,000.00	4.00%	10/01/12	12/31/12	3 Months	2,750.00
325,000.00	4.25%	10/01/12	12/31/12	3 Months	3,453.13
150,000.00	4.50%	10/01/12	12/31/12	3 Months	1,687.50
77,500.00	1.25%	09/07/12	12/31/12	115 Days	305.22
5,000.00	3.00%	12/01/12	12/31/12	1 Month	12.74
1,690,000.00	4.00%	12/01/12	12/31/12	1 Month	5,741.36
1,025,000.00	3.25%	12/01/12	12/31/12	1 Month	2,829.28
675,000.00	3.50%	12/01/12	12/31/12	1 Month	2,006.51
					<u><u>\$25,395.12</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF SEWER OVERPAYMENTS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$6,476.12
Increased by:		
Overpayments in 2012	1-E	2,964.65
		<u>9,440.77</u>
Decreased by:		
Application to Consumer Accounts Receivable	3-E	6,476.12
		<u>6,476.12</u>
Balance, December 31, 2012	E	<u><u>\$2,964.65</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SEWER UTILITY SERIAL BONDS AND LOANS**  
**Year Ended December 31, 2012**

<b>Purpose</b>	<b>Original Issue</b>		<b>Maturities of</b>	<b>Interest</b>	<b>Balance</b>			<b>Ref.</b>	
	<b>Date</b>	<b>Amount</b>	<b>Dec. 31, 2012</b>		<b>Dec. 31, 2011</b>	<b>Increased</b>	<b>Decreased</b>		
			<b>Due Dates</b>	<b>Rates</b>			<b>Dec. 31, 2012</b>		
Sewer Improvements	10/15/96	\$1,616,960.00	2/1/13 to 8/1/16	0.00% and 5.25%	\$399,815.28		\$97,538.51	\$302,276.77	14-E
Sewer Improvements	11/6/97	1,607,000.00			1,324,793.32		1,324,793.32		
Sewer Improvements	3/22/02	1,300,000.00			1,161,067.64		1,161,067.64		
Sewer Improvements	3/18/04	1,100,000.00			1,011,478.58		1,011,478.58		
Refunding Bonds	10/12/05	1,150,000.00	4/1/13 to 4/1/25	Various	970,000.00		75,000.00	895,000.00	15-E
Refunding Bonds	7/18/12	3,395,000.00	12/1/14 to 12/1/35	Various		\$3,395,000.00		3,395,000.00	16-E
					<u>\$4,867,154.82</u>	<u>\$3,395,000.00</u>	<u>\$3,669,878.05</u>	<u>\$4,592,276.77</u>	
				<b><u>Ref.</u></b>	<b>E</b>			<b>E</b>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SEWER UTILITY BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Date of Issue of Original Note</u></b>	<b><u>Date of Issue</u></b>	<b><u>Date of Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>Increased</u></b>	<b><u>Decreased</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
1073	Improvements to the Municipal Sewer Utility	9/10/2010	9/9/2011	9/7/2012	1.50%	\$85,500.00		\$85,500.00	
1073	Improvements to the Municipal Sewer Utility	9/10/2010	9/7/2012	9/6/2013	1.25%		\$77,500.00		\$77,500.00
						<u>\$85,500.00</u>	<u>\$77,500.00</u>	<u>\$85,500.00</u>	<u>\$77,500.00</u>
					<b><u>Ref.</u></b>	E			E
		Non-Cash Rollover					\$77,500.00	\$77,500.00	
		Paid by Budget Appropriation			13-E			8,000.00	
							<u>\$77,500.00</u>	<u>\$85,500.00</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2012 and 2011	E	<u><u>\$33,500.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	E	\$4,407,141.97
Increased by:		
Bonds and Loans Paid by Operating Budget		\$172,538.51
Notes Paid by Operating Budget	11-E	8,000.00
Premium on the Sale of Bonds		102,339.54
		<u>282,878.05</u>
Balance, December 31, 2012	E	<u><u>\$4,690,020.02</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF MATURITY - SEWER IMPROVEMENT LOANS**  
**NEW JERSEY WASTEWATER TREATMENT TRUST**  
**December 31, 2012**

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal at 0% Interest</u>	<u>Total Debt Service</u>
2013	\$55,000.00	5.25%	\$12,600.00	\$40,795.93	\$108,395.93
2014	60,000.00	5.25%	9,712.50	21,480.84	91,193.34
2015	60,000.00	5.25%	6,562.50		66,562.50
2016	65,000.00	5.25%	3,412.50		68,412.50
	<u>\$240,000.00</u>		<u>\$32,287.50</u>	<u>\$62,276.77</u>	<u>\$334,564.27</u>

Analysis of  
Balance  
December 31, 2012

<u>Ref.</u>	
14-E	\$240,000.00
14-E	<u>62,276.77</u>
	<u>\$302,276.77</u>
<u>Ref.</u>	10-E

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF MATURITY - REFUNDING BONDS**  
**December 31, 2012**

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013	\$75,000.00	4.50%	\$35,312.50	\$110,312.50
2014	75,000.00	4.50%	31,937.50	106,937.50
2015	75,000.00	3.75%	28,843.75	103,843.75
2016	70,000.00	3.75%	26,125.00	96,125.00
2017	70,000.00	4.00%	23,412.50	93,412.50
2018	70,000.00	4.00%	20,612.50	90,612.50
2019	70,000.00	4.00%	17,812.50	87,812.50
2020	65,000.00	4.00%	15,112.50	80,112.50
2021	65,000.00	4.25%	12,431.25	77,431.25
2022	65,000.00	4.25%	9,668.75	74,668.75
2023	65,000.00	4.25%	6,906.25	71,906.25
2024	65,000.00	4.25%	4,143.75	69,143.75
2025	65,000.00	4.25%	1,381.25	66,381.25
	<u>\$895,000.00</u>		<u>\$233,700.00</u>	<u>\$1,128,700.00</u>

**Ref.**                      10-E

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF MATURITY - REFUNDING BONDS**  
**December 31, 2012**

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>
2013		3.00%	\$124,687.50	\$124,687.50
2014	\$5,000.00	3.00%	124,687.50	129,687.50
2015	30,000.00	4.00%	124,537.50	154,537.50
2016	35,000.00	4.00%	123,337.50	158,337.50
2017	120,000.00	4.00%	121,937.50	241,937.50
2018	125,000.00	4.00%	117,137.50	242,137.50
2019	130,000.00	4.00%	112,137.50	242,137.50
2020	135,000.00	4.00%	106,937.50	241,937.50
2021	140,000.00	4.00%	101,537.50	241,537.50
2022	145,000.00	4.00%	95,937.50	240,937.50
2023	155,000.00	4.00%	90,137.50	245,137.50
2024	160,000.00	4.00%	83,937.50	243,937.50
2025	165,000.00	4.00%	77,537.50	242,537.50
2026	170,000.00	4.00%	70,937.50	240,937.50
2027	180,000.00	4.00%	64,137.50	244,137.50
2028	190,000.00	3.25%	56,937.50	246,937.50
2029	200,000.00	3.25%	50,762.50	250,762.50
2030	205,000.00	3.25%	44,262.50	249,262.50
2031	210,000.00	3.25%	37,600.00	247,600.00
2032	220,000.00	3.25%	30,775.00	250,775.00
2033	220,000.00	3.50%	23,625.00	243,625.00
2034	225,000.00	3.50%	15,925.00	240,925.00
2035	230,000.00	3.50%	8,050.00	238,050.00
	<u>\$3,395,000.00</u>		<u>\$1,807,500.00</u>	<u>\$5,202,500.00</u>

**Ref.**

10-E

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Operating</u></b>	<b><u>Capital</u></b>
Balance, December 31, 2011	F	\$646,615.67	\$168,134.63
Increased by Receipts:			
Interest on Investments and Deposits	F-3	\$455.04	
Miscellaneous Revenue	F-3	32,397.96	
Due from State of NJ - Lifeline Credits	3-F	1,350.00	
Consumer Accounts Receivable	4-F	2,674,099.90	
Capital Improvement Fund	11-F		\$10,000.00
Premium on Notes Issued	F-2		979.94
Interfund			190,891.81
Electric Rent Overpayments	9-F	<u>14,062.04</u>	
		<u>2,722,364.94</u>	<u>201,871.75</u>
		3,368,980.61	370,006.38
Decreased by Disbursements:			
Appropriations	F-4	2,493,479.58	
Appropriation Reserves	7-F	127,002.86	
Accrued Interest Payable		5,261.85	
Refund of Electric Rent Overpayments	9-F	677.64	
Interfund		190,891.81	
Improvement Authorizations	10-F	<u>                    </u>	<u>229,355.78</u>
		<u>2,817,313.74</u>	<u>229,355.78</u>
Balance, December 31, 2012	F	<u><u>\$551,666.87</u></u>	<u><u>\$140,650.60</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF ELECTRIC UTILITY CAPITAL FUND CASH**  
**December 31, 2012**

	<b>Balance December 31, 2012</b>
Fund Balance	\$24,440.39
Contracts Payable	60,928.93
Reserve to Pay Notes	878.96
Cash on Hand to Pay Bond Anticipation Notes	13,361.00
Due to Electric Utility Operating Fund	190,891.81
Capital Improvement Fund	17,500.00

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1049	Acquisition of Electrical Distribution Equipment	4,594.80
1094	Improvements to the Electric Distribution System	9,966.52
1112	Acquisition of an Altec DM47 Hydraulic Derrick	(181,911.81)
		<u>\$140,650.60</u>

**Ref.**      F

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF DUE FROM STATE OF NEW JERSEY - LIFELINE CREDITS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011		\$0.00
Increased by:		
Credits Allowed	4-F	1,350.00
		<u>1,350.00</u>
Decreased by:		
Cash Receipts	1-F	1,350.00
		<u>1,350.00</u>
Balance, December 31, 2012		<u><u>\$0.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>		
Balance, December 31, 2011	F		\$263,499.61
Increased by:			
Electric Rents Levied			<u>2,810,658.52</u>
			3,074,158.13
Decreased by:			
Collection	1-F	\$2,674,099.90	
Lifeline Credits	3-F	1,350.00	
Overpayments Applied	9-F	<u>15,578.73</u>	
	F-3		<u>2,691,028.63</u>
Balance, December 31, 2012	F		<u><u>\$383,129.50</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**  
**Year Ended December 31, 2012**

	<b>Balance</b>
	<b>Dec. 31, 2012</b>
	<b>and 2011</b>
	<hr/>
Distribution Mains and Structures	\$1,124,009.15
Line Transformers	31,074.38
Street Lighting Meters	16,349.93
General Structures	4,026.98
Vehicles and Equipment	447,777.61
Consumer Meters	78,532.12
Miscellaneous	7,905.99
Computer	42,824.90
	<hr/>
	<b>\$1,752,501.06</b>
	<hr/>

**Ref.**

F

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**  
**Year Ended December 31, 2012**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Authorizations</u>	<u>Balance Dec. 31, 2012</u>
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$175,000.00	\$175,000.00		\$175,000.00
1094	Improvements to the Electric Distribution System	4/11/11	150,000.00	150,000.00		150,000.00
1112	Acquisition of an Altec DM47 Hydraulic Derrick	9/17/12			\$200,000.00	200,000.00
1115	Electric Distribution Center Improvements	12/17/12			5,000,000.00	5,000,000.00
				<u>\$325,000.00</u>	<u>\$5,200,000.00</u>	<u>\$5,525,000.00</u>
			<u>Ref.</u>	F		F
	Deferred Charges to Future Revenue		10-F		\$5,190,000.00	
	Deferred Reserve for Amortization		10-F		10,000.00	
					<u>\$5,200,000.00</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2012**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>	<b><u>Balance</u></b> <b><u>After</u></b> <b><u>Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Operating:				
Salaries and Wages	\$2,623.28	\$2,623.28		\$2,623.28
Other Expenses	31,410.10	31,410.10	\$23,649.48	7,760.62
Power Purchased	184,866.94	184,866.94	103,353.38	81,513.56
Statutory Expenditures:				
Social Security System (O.A.S.I.)	1,928.23	1,928.23		1,928.23
	<u>\$220,828.55</u>	<u>\$220,828.55</u>	<u>\$127,002.86</u>	<u>\$93,825.69</u>
			1-F	F-1
Appropriation Reserves	F      \$9,347.53			
Encumbrances Payable	8-F     211,481.02			
	<u>\$220,828.55</u>			

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	F	\$211,481.02
Increased by:		
Transferred from Budget Appropriations	F-4	<u>125,497.44</u>
		336,978.46
Decreased by:		
Transferred to Appropriation Reserves	7-F	<u>211,481.02</u>
Balance, December 31, 2012	F	<u><u>\$125,497.44</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF ELECTRIC OVERPAYMENTS**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	F	\$16,256.37
Increased by:		
Overpayments in 2012	1-F	<u>14,062.04</u>
		30,318.41
Decreased by:		
Application to Consumer Accounts Receivable	4-F	\$15,578.73
Refunds	1-F	<u>677.64</u>
		<u>16,256.37</u>
Balance, December 31, 2012	F	<u><u>\$14,062.04</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Ordinance Date</b>	<b>Ordinance Amount</b>	<b>Balance Dec. 31, 2011 Unfunded</b>	<b>Transferred from Contracts Payable</b>	<b>2012 Authorizations</b>	<b>Paid or Charged</b>	<b>Balance Dec. 31, 2012 Unfunded</b>
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$175,000.00	\$17,185.59	\$5,020.00		\$17,610.79	\$4,594.80
1094	Improvements to the Electric Distribution System	4/11/11	150,000.00	79,212.84	11,515.79		80,762.11	9,966.52
1112	Acquisition of an Altec DM47 Hydraulic Derrick	9/17/12	200,000.00			\$200,000.00	191,911.81	8,088.19
1115	Electric Distribution Center Improvements	12/17/12	5,000,000.00			5,000,000.00		5,000,000.00
				<u>\$96,398.43</u>	<u>\$5,020.00</u>	<u>\$5,200,000.00</u>	<u>\$290,284.71</u>	<u>\$5,022,649.51</u>
		<b><u>Ref.</u></b>		F				F
	Deferred Charges to Future Revenue Capital Improvement Fund					\$5,190,000.00		
						10,000.00		
						<u>\$5,200,000.00</u>		
	Cash Disbursed						\$229,355.78	
	Contracts Payable						60,928.93	
							<u>\$290,284.71</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	F	\$17,500.00
Increased by:		
2012 Budget Appropriation	1-F	10,000.00
		<u>27,500.00</u>
Decreased by:		
Appropriation to Finance Improvement Authorization	13-F	10,000.00
		<u>10,000.00</u>
Balance, December 31, 2012	F	<u><u>\$17,500.00</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**  
**Year Ended December 31, 2012**

	<b><u>Ref.</u></b>	
Balance, December 31, 2011	F	\$1,670,862.06
Increased by:		
Notes Paid by Operating Budget		<u>9,500.00</u>
Balance, December 31, 2012	F	<u>\$1,680,362.06</u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**  
**Year Ended December 31, 2012**

<b>Ordinance Number</b>	<b>Purpose</b>	<b>Ordinance Date</b>	<b>Balance Dec. 31, 2011</b>	<b>Fixed Capital Authorized</b>	<b>Notes Paid By Operating Budget</b>	<b>Balance Dec. 31, 2012</b>
1049	Acquisition of Electrical Distribution Equipment	9/22/08	\$59,750.00		\$19,000.00	\$78,750.00
1094	Improvements to the Electric Distribution System	4/11/11	7,500.00		14,250.00	21,750.00
1112	Acquisition of an Altec DM47 Hydraulic Derrick	9/17/12		\$10,000.00		10,000.00
			<u>\$67,250.00</u>	<u>\$10,000.00</u>	<u>\$33,250.00</u>	<u>\$110,500.00</u>
		<b><u>Ref.</u></b>	F	10-F,11-F		F

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2012**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Authorization</u></b>	<b><u>Date of Issue of Original Note</u></b>	<b><u>Date of Issue</u></b>	<b><u>Date of Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>Increased</u></b>	<b><u>Decreased</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
1049	Acquisition of Electrical Distribution Equipment	12/23/08	9/9/11	9/7/12	1.50%	\$115,250.00		\$115,250.00	
1066	Acquisition of Bucket Truck for Electric Utility	9/10/10	9/9/11	9/7/12	1.50%	95,000.00		95,000.00	
1094	Improvements to the Electric Distribution System	9/9/11	9/9/11	9/7/12	1.50%	142,500.00		142,500.00	
1049	Acquisition of Electrical Distribution Equipment	12/23/08	9/7/12	9/6/13	1.25%		\$96,250.00		\$96,250.00
1066	Acquisition of Bucket Truck for Electric Utility	9/10/10	9/7/12	9/6/13	1.25%		85,500.00		85,500.00
1094	Improvements to the Electric Distribution System	9/9/11	9/7/12	9/6/13	1.25%		128,250.00		128,250.00
						<u>\$352,750.00</u>	<u>\$310,000.00</u>	<u>\$352,750.00</u>	<u>\$310,000.00</u>
					<u>Ref.</u>	F			F
								\$42,750.00	
							\$310,000.00	310,000.00	
						<u>\$310,000.00</u>	<u>\$310,000.00</u>	<u>\$352,750.00</u>	

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY OPERATING FUND**  
**SCHEDULE OF ACCRUED INTEREST PAYABLE**  
**Year Ended December 31, 2012**

	<u>Ref.</u>	
Balance, December 31, 2011	F	\$1,425.98
Increased by:		
Budget Appropriations	F-4	5,056.76
		<u>6,482.74</u>
Decreased by:		
Interest Paid	1-F	5,261.85
		<u>5,261.85</u>
Balance, December 31, 2012	F	<u><u>\$1,220.89</u></u>

**Analysis of Accrued Interest Payable - December 31, 2012**

<u>Principal Outstanding Dec. 31, 2012</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bond Anticipation Notes:					
\$310,000.00	1.25%	9/7/12	12/31/12	115 Days	<u><u>\$1,220.89</u></u>

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ELECTRIC UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**Year Ended December 31, 2012**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2011</u></b>	<b><u>2012 Authorizations</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
1112	Acquisition of an Altec DM47 Hydraulic Derrick		\$190,000.00	\$190,000.00
1115	Electric Distribution Center Improvements		5,000,000.00	5,000,000.00
		<u>\$0.00</u>	<u>\$5,190,000.00</u>	<u>\$5,190,000.00</u>
	<b><u>Ref.</u></b>	(Footnote F)		(Footnote F)

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS**  
**Year Ended December 31, 2012**

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Fixed Assets:				
Buildings and Land	\$11,140,710.00			\$11,140,710.00
Equipment	4,729,946.52			4,729,946.52
	<u>\$15,870,656.52</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$15,870,656.52</u>
<u>Ref.</u>	G			G

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART III**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2012**

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

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

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

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

Westmont Avenue Road Improvement Project  
Purchase of Various Boardwalk Lumber, Materials and Supplies  
Reconstruction and Repairs to Roads  
Timber Bulkhead Reconstruction at Oceanside Streets  
Water Services and Hydrant Repair and Replacements  
Electrical Services  
Police Records Water Damage Recovery

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

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

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

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

### **Collection of Interest on Delinquent Taxes and Assessments**

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

On January 3, 2012 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes or assessments:

WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, R.S. 54:4-67 has been amended to permit the fixing of said rate of 18% per annum on any amount in excess of \$1,500.00 of the delinquency.

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

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date.
2. Effective January 1 2012, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph 2 of this resolution shall be charged interest from the due date, as set forth in paragraph 1 of this resolution.
4. A certified copy of this resolution shall be provided by the Municipal Clerk to the Tax Collector, Municipal Attorney and Municipal Auditor.

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

### **Delinquent Taxes and Tax Title Liens**

The Borough did not hold a tax and utility lien sale in 2012.

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

2012	1
2011	1
2010	1

**COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31**

<u>Year</u>	<b>Current Fund Balance</b>	<b>Utilized in Budget of <u>Succeeding Year</u></b>
2012	\$1,009,198.22	\$775,000.00
2011	1,223,327.29	775,000.00
2010	1,036,758.71	668,000.00

<u>Year</u>	<b>Water Utility Fund Balance</b>	<b>Utilized in Budget of <u>Succeeding Year</u></b>
2012	\$311,249.98	
2011	197,918.35	
2010	87,729.50	

<u>Year</u>	<b>Sewer Utilitiy Fund Balance</b>	<b>Utilized in Budget of <u>Succeeding Year</u></b>
2012	\$162,937.67	
2011	49,256.37	
2010	22,335.51	\$15,600.00

<u>Year</u>	<b>Electric Utility Fund Balance</b>	<b>Utilized in Budget of <u>Succeeding Year</u></b>
2012	\$410,167.94	\$320,510.00
2011	410,167.94	
2010	780,871.38	537,550.00

## **COMPARISON OF UTILITY LEVIES**

### **Water Utility Fund**

<b><u>Year</u></b>	<b><u>Levy</u></b>	<b><u>Cash Collections</u></b>
2012	\$852,588.90	\$829,839.45
2011	850,911.29	850,050.72
2010	818,489.29	821,859.55

### **Sewer Utility Fund**

<b><u>Year</u></b>	<b><u>Levy</u></b>	<b><u>Cash Collections</u></b>
2012	\$1,461,868.31	\$1,433,550.96
2011	1,456,243.15	1,456,785.27
2010	1,467,872.74	1,464,767.82

### **Electric Utility Fund**

<b><u>Year</u></b>	<b><u>Levy</u></b>	<b><u>Cash Collections</u></b>
2012	\$2,810,658.52	\$2,691,028.63
2011	2,924,541.13	2,898,114.16
2010	3,007,247.37	2,962,818.71

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Municipal	\$0.267	\$0.268	\$0.263
County	0.439	0.421	0.423
Local School	0.196	0.197	0.196
Total tax rate	<u>\$0.902</u>	<u>\$0.886</u>	<u>\$0.882</u>

**ASSESSED VALUATIONS**

2012	\$1,877,320,947.00
2011	1,865,780,966.00
2010	1,863,830,357.00

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2012	\$16,969,465.99	\$16,427,559.03	96.81%
2011	16,647,780.09	16,248,559.84	97.60%
2010	16,469,784.08	16,062,011.75	97.52%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Delinquent taxes	\$565,339.74	\$389,847.28	\$398,563.88
Tax title liens	<u>1,533.33</u>	<u>1,175.08</u>	<u>842.83</u>
Total delinquent	<u>\$566,873.07</u>	<u>\$391,022.36</u>	<u>\$399,406.71</u>
% of tax levy	3.34%	2.35%	2.43%

**SUMMARY OF MUNICIPAL DEBT**

<b><u>Issued</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
General	\$3,422,475.00	\$3,778,060.00	\$4,339,955.00
Water Utility	2,443,524.00	2,615,831.06	2,796,132.47
Electric Utility	310,000.00	352,750.00	229,250.00
Sewer Utility	<u>4,669,776.77</u>	<u>4,952,654.82</u>	<u>5,176,368.28</u>
Total Issued	<u>10,845,775.77</u>	<u>11,699,295.88</u>	<u>12,541,705.75</u>
Less:			
Reserve to Pay Notes	43,134.17	19,039.73	19,039.73
Cash on Hand to Pay Notes	14,669.72	1,307.85	197,002.85
State of New Jersey Grants Receivable	<u>22,435.81</u>	<u>22,435.81</u>	<u>22,435.81</u>
Total Deductions	<u>80,239.70</u>	<u>42,783.39</u>	<u>238,478.39</u>
Net Debt Issued	<u>10,765,536.07</u>	<u>11,656,512.49</u>	<u>12,303,227.36</u>
<b><u>Authorized but not Issued</u></b>			
Electric Utility	<u>5,190,000.00</u>		
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$15,955,536.07</u>	<u>\$11,656,512.49</u>	<u>\$12,303,227.36</u>

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.193%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$860,000.00	\$860,000.00	
General Debt	3,422,475.00	42,783.39	\$3,379,691.61
Water Utility Debt	2,443,524.00	2,443,524.00	
Sewer Utility Debt	4,669,776.77	4,669,776.77	
Electric Utility Debt	5,500,000.00	4,558,104.76	941,895.24
	<u>\$16,895,775.77</u>	<u>\$12,574,188.92</u>	<u>\$4,321,586.85</u>

Net Debt \$4,321,586.85 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$2,239,396,509.67 equals 0.193%.

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

3½% of Equalized Valuation Basis	\$78,378,878.19
Net Debt	<u>4,321,586.85</u>
Remaining Borrowing Power	<u>\$74,057,291.34</u>

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

Cash Receipts from Fees, Rents or Charges for Year		\$865,933.67
Deductions:		
Operating and Maintenance Cost	\$540,750.00	
Debt Service	<u>231,119.56</u>	
Total Deductions		<u>771,869.56</u>
Excess in Revenue - Self Liquidating		<u>\$94,064.11</u>

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

Cash Receipts from Fees, Rents or Charges for Year		\$1,449,594.89
Deductions:		
Operating and Maintenance Cost	\$1,003,050.00	
Debt Service	<u>357,855.26</u>	
Total Deductions		<u>1,360,905.26</u>
Excess in Revenue - Self Liquidating		<u><u>\$88,689.63</u></u>

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

Cash Receipts from Fees, Rents or Charges for Year		\$2,723,881.63
Deductions:		
Operating and Maintenance Cost	\$2,840,250.00	
Debt Service	<u>47,806.76</u>	
Total Deductions		<u>2,888,056.76</u>
Deficit in Revenue		<u><u>(\$164,175.13)</u></u>

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

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Amount of Bond *</u></b>
Walter G. LaCicero	Mayor	
Michael Stogdill	Councilman	
Robert P. Lamb	Councilman	
Lee Horan	Councilman	
James G. Borowski	Councilman	
Anita F. Zalom	Councilwoman	
Joanne Filippone	Councilwoman	
Christopher F. Parlow	Borough Administrator, Municipal Clerk	
Michele Burk	Chief Financial Officer, Treasurer, Tax Collector (7/1/12-12/31/12)	
Christine Sierfeld	Tax Collector (1/1/12-6/30/12)	
Frank S. Salzer	Judge of Municipal Court	
Elizabeth Boettger	Court Administrator	
Diana Turrian	Water-Sewer Collector	
Matthew Burk	Electric Collector	

\*Borough employees are covered by faithful performance and employee dishonesty bonds totaling \$1,000,000.00. This insurance coverage is provided to the Borough through its participation in the Ocean County Municipal Joint Insurance Fund.

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART IV**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

**BOROUGH OF LAVALLETTE**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

**Finding #2012-1**

We consider the following deficiency in internal control over financial reporting to be a significant deficiency.

**Criteria**

In accordance with N.J.A.C. 5:30-5.6, the Borough is required to maintain a fixed assets accounting and reporting system for controlling additions and dispositions of fixed assets.

**Condition**

Additions and dispositions to the fixed assets accounting and reporting system were not currently maintained in 2012.

**Effect**

The Borough's general fixed assets as of December 31, 2012 have not been adjusted for additions and dispositions occurring in 2012.

**Recommendation**

It is recommended that the Borough's fixed assets be maintained in accordance with N.J.A.C. 5:30-5.6.

**Response**

In 2013 the Borough will maintain a fixed assets accounting and reporting system in accordance with N.J.A.C. 5:30-5.6.

**Other Internal Control and Compliance Matter:**

**#2012-2**

**Comment**

We noted that there were interfund balances at year end.

**Recommendation**

We recommend that, where practicable, the Borough liquidate interfund balances prior to year end.