

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF SOUTH RIVER

**48 Washington Street
South River, New Jersey 08882**

FOR THE YEAR ENDED DECEMBER 31, 2011

**Presented by
Borough of South River**

**Andrew J. Salerno
Borough Administrator**

**Joseph Zanga
Chief Financial Officer**

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INTRODUCTORY SECTION

BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY
NEW JERSEY
08882-1247



August 9, 2012

Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex, New Jersey

The Comprehensive Annual Financial Report for the Borough of South River, County of Middlesex, State of New Jersey, for the year ended December 31, 2011 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of South River as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical, and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Gerard Stankiewicz, Certified Public Accountant, Registered Municipal Accountant of Samuel Klein and Company, Freehold, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total income of \$17,519,616.42 and total expenditures of \$16,253,401.79 and a Fund Balance increase of \$1,253,160.85 as of December 31, 2011. The following schedule summarizes revenues and expenses for 2011 and 2010.

	2011	2010	Increase/(Decrease)	
			Amount	Percent
Fund Balance	\$ 1,126,612.23	\$ 905,858.14	\$ 220,754.09	24.37 %
Real Estate Taxes	8,489,749.20	8,495,894.89	(6,145.69)	(0.07)
Delinquent Tax Receipts	672,115.20	517,149.45	154,965.75	29.97
Miscellaneous Anticipated Revenues	5,177,658.01	4,814,507.97	363,150.04	7.54
Federal and State Grants	173,552.82	167,577.56	5,975.26	3.57
Intergovernmental Revenue	825,291.00	825,291.00	0.00	0.00
Other Credits to Income	751,428.40	722,725.14	28,703.26	3.97
Non-Budget Revenue	<u>303,209.56</u>	<u>249,804.33</u>	<u>53,405.23</u>	<u>21.38</u>
	<u>\$ 17,519,616.42</u>	<u>\$ 16,698,808.48</u>	<u>\$ 820,807.94</u>	<u>4.92 %</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

Current Fund (Continued)

The increase in budgetary expenditures in 2011 over 2010 was as follows:

	<u>2011</u>	<u>2010</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 750,800.00	\$ 753,100.00	\$ (2,300.00)	(0.31) %
Public Safety	4,372,710.00	4,281,460.00	91,250.00	2.13
Public Works	2,086,650.00	2,096,150.00	(9,500.00)	(0.45)
Utility Expense and Bulk Purchases	445,000.00	385,000.00	60,000.00	15.58
Land Use	63,705.00	48,105.00	15,600.00	32.43
Sanitary Landfill	530,000.00	515,000.00	15,000.00	2.91
Insurance	1,559,000.00	1,585,000.00	(26,000.00)	(1.64)
Health and Human Services	259,407.00	259,301.00	106.00	0.04
Parks and Recreation	442,300.00	509,650.00	(67,350.00)	(13.21)
Education - Library	561,000.00	561,000.00	0.00	0.00
Deferred Charges and Statutory Expenditures	1,353,321.00	1,131,592.49	221,728.51	19.59
Grants	178,552.82	172,577.56	5,975.26	3.46
Capital Improvements	75,000.00	150,000.00	(75,000.00)	(50.00)
Debt Service	1,637,035.00	1,446,398.00	190,637.00	13.18
Sewer	1,186,630.00	1,101,163.00	85,467.00	7.76
Contingent	1,500.00	2,500.00	(1,000.00)	(40.00)
Reserve for Uncollected Taxes	750,790.97	738,942.47	11,848.50	1.60
	<u>\$ 16,253,401.79</u>	<u>\$ 15,736,939.52</u>	<u>\$ 516,462.27</u>	<u>3.28 %</u>

The Borough operates Electric, Parking and Water Utilities. These utilities are budgetary entities that allow for the segregation of the revenue and expenses of the utilities. The utilities are under the operational control of the Mayor and Council.

Electric Utility Fund

The Electric Utility serves the entire Borough, which encompasses approximately 6,500 accounts. Revenues in 2011 exceeded expenditures by \$3,214,692.06. The Electric Utility debt was considered to be self-liquidating for 2011, and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenue and expenses for 2011 and 2010.

	<u>2011</u>	<u>2010</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Electric Charges	\$ 14,953,578.47	\$ 15,054,935.42	\$ (101,356.95)	(0.67) %
Miscellaneous Revenues	14,728.00	18,572.00	(3,844.00)	(20.70)
Other Credits to Income	<u>1,813,501.59</u>	<u>1,713,481.50</u>	<u>100,020.09</u>	<u>5.84</u>
	<u>\$ 16,781,808.06</u>	<u>\$ 16,786,988.92</u>	<u>\$ (5,180.86)</u>	<u>(0.03) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 11,615,000.00	\$ 11,544,800.00	\$ 70,200.00	0.61 %
Capital Improvements	300,000.00	125,000.00	175,000.00	140.00
Debt Service	964,538.00	967,691.00	(3,153.00)	(0.33)
Deferred Charges	244,578.00	212,150.00	32,428.00	15.29
Surplus (General Budget)	<u>443,000.00</u>	<u>443,000.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>\$ 13,567,116.00</u>	<u>\$ 13,292,641.00</u>	<u>\$ 274,475.00</u>	<u>2.06 %</u>

Parking Utility Fund

The Borough dissolved its Parking Authority and created a utility operating fund to meet the parking needs of the downtown area, which has 141 street slots and 59 parking lot spot permits. Revenues in 2011 exceeded expenditures by \$53,493.52. The following schedule summarizes revenue and expenses for 2011, the inception year.

	<u>2011</u> (Inception Year)
<u>Revenues</u>	
Parking Permit Fee	\$ 6,409.14
Other Credits to Income	<u>60,084.38</u>
	<u>\$ 66,493.52</u>
<u>Expenditures</u>	
Operating Expenses	\$ 12,650.00
Deferred Charges	<u>350.00</u>
	<u>\$ 13,000.00</u>

Water Utility Fund

The Water Utility serves the entire Borough, which encompasses approximately 4,350 accounts. Revenues in 2011 exceeded expenditures by \$662,365.96. The Water Utility Fund was considered to be self-liquidating for 2011 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2011 and 2010.

	<u>2011</u>	<u>2010</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 340,257.00	\$ 253,787.00	\$ 86,470.00	34.07 %
Water Rents	3,558,123.15	3,428,587.05	129,536.10	3.78
Miscellaneous Revenues	98,373.00	21,575.00	76,798.00	NM
Other Credits to Income	<u>250,242.81</u>	<u>234,192.61</u>	<u>16,050.20</u>	<u>6.85</u>
	<u>\$ 4,246,995.96</u>	<u>\$ 3,938,141.66</u>	<u>\$ 308,854.30</u>	<u>7.84 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,535,500.00	\$ 2,577,000.00	\$ (41,500.00)	(1.61) %
Capital Improvements	200,000.00	190,000.00	10,000.00	5.26
Debt Service	626,079.00	604,101.00	21,978.00	3.64
Deferred Charges	<u>223,051.00</u>	<u>125,261.00</u>	<u>97,790.00</u>	<u>78.07</u>
	<u>\$ 3,584,630.00</u>	<u>\$ 3,496,362.00</u>	<u>\$ 88,268.00</u>	<u>2.52 %</u>

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough of South River encompasses 2.87 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings. The Borough has eleven apartment complexes and is densely populated. The Borough relies heavily on its Electric Utility and thus dramatic changes in the weather pattern effect the Borough's revenues dramatically.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

PROSPECTS FOR THE FUTURE

The 2012 Municipal Budget as adopted reflects a rate of \$1.864, representing a slight increase from the prior year in the Local Purpose Tax Rate. The 2012 Budget as adopted will have an increase of \$173,663.95, or 1.11% compared to 2011 appropriations exclusive of the Library.

In 2012, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds. Initial plans for a Redevelopment program in the business district have advanced to the serious conceptual stage and a number of professionals have been consulted in this process.

LOCAL ECONOMIC EVENTS

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, South River has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, South River is responsibly tending to the transportation needs of our citizens and visitors.
- The Borough has completed the process of the replacement of electric meters in 2011. The long awaited project will result in more accurate, timely and efficient readings which will ultimately lead to better management and oversight of the Borough utility operations. The process will continue in the future with replacement of water meters.
- Improvements to the Borough's parks and recreational facilities continue.
- Upgrade to various aspects of the Borough's water, electric and sewer system are in the implementation stage.
- Renovations and upgrades to the Borough's Free Public Library have begun. The Borough has awarded the construction contract and anticipates the completion in 2012.
- Various equipments are being purchased for all departments in order to provide a better level of service to the residents.
- Improvement to North End Drive partially funded by NJDOT has been completed. Improvements to William Street funded by the NJDOT are substantially completed.
- A bond ordinance is in place which provides funds for various municipal facility projects currently under study.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- Curb and sidewalk improvements funded by the Housing and Community Development Grant funds have begun.
- Major reconstruction contracts of Water Street and Raritan Avenue were awarded. The project will be completed in 2011 and include sewer, water, curb and sidewalk improvements and milling and paving.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2011, funds were invested in the PNC Sweep Account and in Certificates of Deposit of official depositories.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$20,446,102.87 which represents 1.328% of its average equalized value. Debt Service appropriations for 2011 were \$3,227,652.00 for all Borough funds.

RISK MANAGEMENT

The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the New Jersey State Health Benefits Program, as well as having dental and prescription plans with Blue Cross and Blue Shield of New Jersey.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

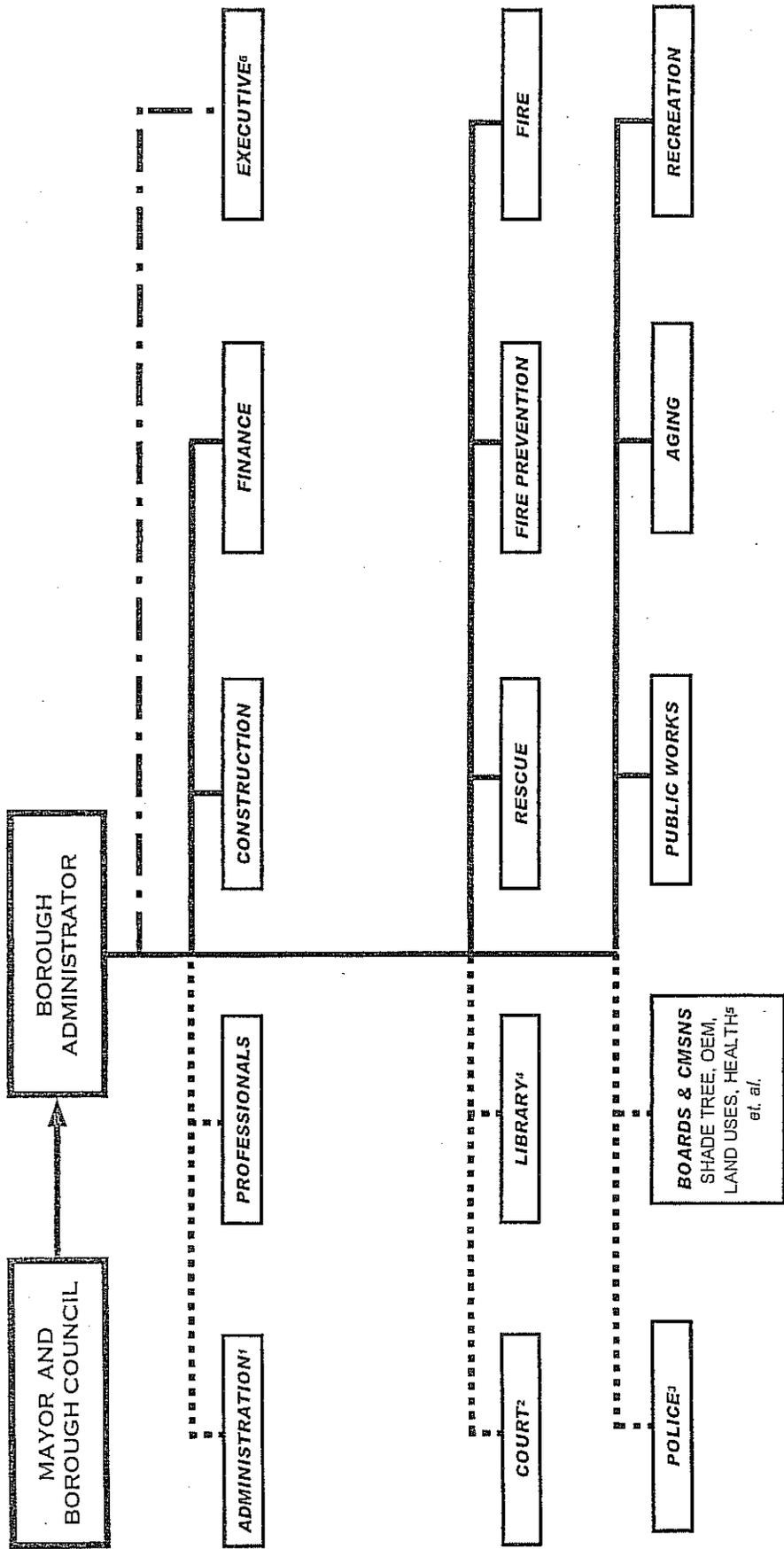
Respectfully submitted,

Andrew J. Salerno

Andrew J. Salerno
Borough Administrator

Joseph Zanga

Joseph Zanga
Chief Financial Officer



- 1 - By Ordinance reports directly to the Administration & Finance Committee
- 2 - By Statute reports directly to the Municipal Court Judge and NJADC
- 3 - By Ordinance reports directly to the Public Safety Committee
- 4 - By Ordinance reports directly to the Free Public Library Board of Trustees
- 5 - Under Interlocal Agreement reports directly to the MCBCH
- 6 - The Borough Administrator serves as the Director of Executive

————— Direct Report
 - - - - - Staff Report
 Indirect Report—See notes above

..... Divisions within Departments

BOROUGH OF SOUTH RIVER
ROSTER OF OFFICIALS
DECEMBER 31, 2011

Governing Body

Raymond T. Eppinger, Mayor
John M. Krenzel, Council President
Rui Almeida, Councilman
Peter Guindi, Councilman
James Hutchison, Councilman
John T. Trzeciak, Councilman
Matthew Vaughn, Councilman

Other Officials

Andrew Salerno, Business Administrator
Patricia O'Connor, Borough Clerk
Sheryl Nevin, Deputy Borough Clerk
Deborah Jones, Registrar of Vital Statistics
Joseph Zanga, Chief Financial Officer, Director of Finance
Dawn Rodriguez, Deputy Chief Financial Officer
Richard Dudas, Tax Collector, Tax Search Officer, Utility Collector
Michael Frangella, Tax Assessor
Tina Martins Cruz, Magistrate
Cassandra Garrick, Court Administrator
David Stahl, Prosecutor
Gary Schwartz, Borough Attorney
David Samuel, Borough Engineer

BOROUGH OF SOUTH RIVER
CONSULTANTS AND ADVISORS
DECEMBER 31, 2011

AUDIT FIRM

Gerard Stankiewicz, CPA
of the firm
Samuel Klein and Company
36 West Main Street, Suite 303
Freehold, New Jersey 07728

ATTORNEYS

GENERAL COUNSEL

Gary Schwartz, Esq.
2 North Woodland Ave
East Brunswick, NJ 08816

LABOR COUNSEL

Arthur R. Thibault, Esq.
Apruzzese, McDermott, Mastro & Murphy, P.C.
PO Box 112
Liberty Corner, NJ 07938

BOND COUNSEL

Dilworth Paxson, LLP
1350 Campus Parkway, Suite 200
Neptune, NJ 07753

OFFICIAL DEPOSITORIES

Provident Bank
6 Jackson Street
South River, NJ 08882

Bank of America
25 Main Street
South River, New Jersey 08882

PNC Bank
55 Main Street
South River, NJ 08882

Columbia Savings Bank
389 Route 18 South
East Brunswick, NJ 08816

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited the financial statements - statutory basis of the various funds and accounts of the Borough of South River as of and for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements are the responsibility of the Borough of South River's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and auditing requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Borough of South River prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In our opinion, because of the Borough of South River's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the Borough of South River as of December 31, 2011 or the results of its operations, or cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended.

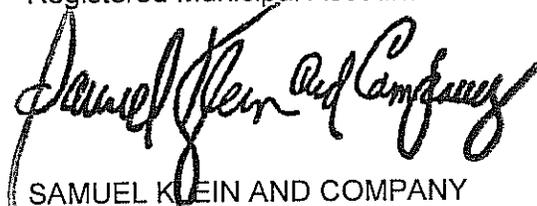
However, in our opinion, the financial statements - statutory basis referred to above present fairly, in all material respects, the financial position - statutory basis of the various funds and account groups of the Borough of South River as of December 31, 2011 and the results of operations and changes in fund balance - statutory basis of such funds for the year then ended and the statement of revenues - statutory basis and statement of expenditures - statutory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2012 on our consideration of the Borough's internal control over financial reporting and on our test of its compliance with certain provisions of law, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the supplementary schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Borough of South River, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements - statutory basis taken as a whole.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 9, 2012

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

The Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

We have audited the financial statements - statutory basis of the Borough of South River, State of New Jersey (the "Borough"), as of and for the year ended December 31, 2011, and have issued our report thereon dated August 9, 2012. 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.

As described in Note 1, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

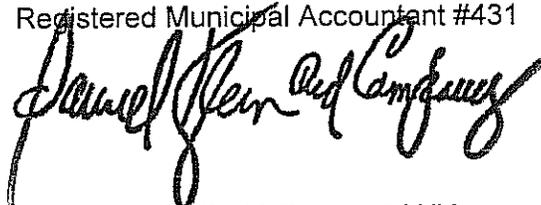
Compliance and Other Matters

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

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



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 9, 2012

GENERAL PURPOSE FINANCIAL STATEMENTS

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - STATUTORY BASIS
DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Governmental Funds		Trust Funds	Utilities *		General Fixed Asset Account	Totals (Memorandum Only)	
	Current	General Capital		Operating	Capital		2011	2010
<u>ASSETS AND OTHER DEBITS</u>								
Cash and Cash Equivalents	\$ 3,617,697.21	\$ 5,132,729.11	\$ 2,347,569.07	\$ 8,668,340.28	\$ 2,602,774.08	\$ 22,369,109.75	\$ 23,398,646.23	
Intergovernmental/Accounts Receivable		626,850.33				626,850.33	2,500,247.08	
Receivables and Other Assets:								
Delinquent Property Taxes	613,734.94			1,802,142.61		613,734.94	669,440.05	
Consumer Accounts Receivable	149,613.83			6,436.21		1,802,142.61	2,131,308.90	
Liens Receivable				357,441.31		156,050.04	134,910.94	
Inventory						357,441.31	377,956.32	
Property Acquired for Taxes - Assessed Valuation	47,800.00					47,800.00	47,800.00	
Other Accounts Receivable	15,659.72		44,648.23	57,812.00		118,119.95	82,858.33	
Deferred Charges		20,446,102.87		13,000.00		20,459,102.87	21,605,775.37	
Fixed Capital					32,568,784.21	32,568,784.21	32,328,897.25	
Fixed Assets						20,879,581.50	20,635,463.59	
Grant Fund:								
Grants Receivable	99,695.82					99,695.82	62,809.19	
Interfund Receivable	109,303.88					109,303.88	599,292.45	
	<u>\$ 4,653,505.40</u>	<u>\$ 26,205,682.31</u>	<u>\$ 2,392,217.30</u>	<u>\$ 10,905,172.41</u>	<u>\$ 35,171,558.29</u>	<u>\$ 20,879,581.50</u>	<u>\$ 104,575,405.70</u>	

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - STATUTORY BASIS
DECEMBER 31, 2011
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2010)

	Governmental Funds			Trust Funds	Utilities *		General Fixed Asset Account	Totals	
	Current	General Capital			Operating	Capital		2011	2010
Liabilities and Reserves:									
Appropriation Reserves	\$ 710,255.43			\$ 2,257,229.14			\$ 2,967,484.57	\$ 2,583,163.99	
Other Liabilities and Reserves	1,127,996.32	3,107,286.52	\$ 2,284,832.05	1,188,672.36	\$ 1,147,177.29		8,855,904.54	8,313,131.51	
Improvement Authorizations		3,535,751.16			3,701,636.80		7,237,387.96	9,739,038.49	
Accrued Interest on Bonds, Notes and Loans				52,454.91			52,454.91	58,498.12	
Interfunds Payable	109,303.88						109,303.88	599,292.45	
Serial Bonds		8,915,000.00			4,929,000.00		13,844,000.00	15,399,000.00	
Bond Anticipation Notes		9,669,000.00			4,776,000.00		14,445,000.00	14,813,000.00	
Loans Payable		424,841.64			2,246,593.90		2,671,535.54	2,983,591.92	
Reserve for Receivables and Other Assets	826,808.49	160,661.23		2,223,832.13			3,211,301.85	5,729,496.77	
Reserve for Amortization				17,416,424.85			17,416,424.85	15,562,329.47	
Deferred Reserve for Amortization				674,765.46			674,765.46	603,590.00	
Grant Fund:									
Reserve for Encumbrances	37,699.65						37,699.65	5,454.58	
Unappropriated/Appropriated Reserves	171,300.05						171,300.05	656,647.06	
Total Liabilities and Reserves	\$ 2,983,313.82	\$ 25,812,640.55	\$ 2,284,832.05	\$ 5,722,188.54	\$ 34,891,598.30		\$ 71,694,573.26	\$ 77,046,234.36	
Equity and Other Credits:									
Fund Balance	\$ 1,670,191.58	\$ 393,041.76	\$ 107,385.25	\$ 5,182,983.87	\$ 279,959.99		\$ 7,633,562.45	\$ 6,893,707.75	
Investment in General Fixed Assets							\$ 20,879,581.50	\$ 20,635,463.59	
Total Equity and Other Credits	\$ 1,670,191.58	\$ 393,041.76	\$ 107,385.25	\$ 5,182,983.87	\$ 279,959.99		\$ 28,513,143.95	\$ 27,529,171.34	
Total Liabilities, Reserves and Fund Balance	\$ 4,653,505.40	\$ 26,205,682.31	\$ 2,392,217.30	\$ 10,905,172.41	\$ 35,171,558.29		\$ 100,207,717.21	\$ 104,575,405.70	

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund		Variance Favorable/ (Unfavorable)	Utility Operating Funds *			Variance Favorable/ (Unfavorable)
	Final Budget	Actual		Final Budget	Actual		
Revenues:							
Fund Balance Anticipated	\$ 1,126,612.23	\$ 1,126,612.23		\$ 340,257.00	\$ 340,257.00		
Rents				16,698,388.00	18,511,701.62	\$ 1,813,313.62	
Miscellaneous Revenues	5,076,812.43	5,177,658.01	\$ 100,845.58				
State Aid	825,291.00	825,291.00		113,101.00	113,101.00		
Grants	173,552.82	173,552.82					
	\$ 7,202,268.48	\$ 7,303,114.06	\$ 100,845.58	\$ 17,151,746.00	\$ 18,965,059.62	\$ 1,813,313.62	
Receipts from Delinquent Taxes Amount to be Raised by Taxes for Support of Municipal Budget:	650,000.00	672,115.20	22,115.20				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Library Tax	7,880,239.14	7,968,855.03	88,615.89				
	520,894.17	520,894.17					
Budget Totals	\$ 16,253,401.79	\$ 16,464,978.46	\$ 211,576.67	\$ 17,151,746.00	\$ 18,965,059.62	\$ 1,813,313.62	
Non-budget Revenues		303,209.56	303,209.56		175,679.04	175,679.04	
Other Credits to Income		751,428.40	751,428.40		1,954,558.88	1,954,558.88	
Taxes Allocated to School and County	19,783,345.01	19,783,345.01					
Total Revenues	\$ 36,036,746.80	\$ 37,302,961.43	\$ 1,266,214.63	\$ 17,151,746.00	\$ 21,095,297.54	\$ 3,943,551.54	

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund		Utility Operating Funds *		Variance Favorable/ (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
Expenditures:					
Current:					
Within "CAPS":					
General Government	\$ 750,800.00	\$ 750,800.00			
Public Safety	4,162,210.00	4,162,210.00			
Public Works	1,886,650.00	1,886,650.00			
Health and Human Services	259,407.00	259,407.00			
Utility Expense and Bulk Purchases	445,000.00	445,000.00			
Sanitary Landfill	530,000.00	530,000.00			
Land Use	63,705.00	63,705.00			
Insurance	1,559,000.00	1,559,000.00			
Parks and Recreation	442,300.00	442,300.00			
Contingent	1,500.00	1,500.00			
Deferred Charges and Statutory Expenditures	1,318,321.00	1,318,321.00			
Excluded from "CAPS":					
Public Safety	210,500.00	210,500.00			
Public Works	200,000.00	200,000.00			
Education - Library	561,000.00	561,000.00			
Sewer	1,186,630.00	1,186,630.00			
Grants	178,552.82	178,552.82			
Operating - Utility			\$ 14,163,150.00	\$ 14,163,150.00	
Deferred Charges and Statutory Expenditures	35,000.00	35,000.00	467,979.00	467,979.00	
Capital Improvements	75,000.00	75,000.00	500,000.00	500,000.00	
Debt Service	1,637,035.00	1,637,035.00	1,590,617.00	1,590,617.00	
Budget - Anticipated Surplus to Current			443,000.00	443,000.00	
Reserve for Uncollected Taxes					
Total Budget Expenditures	\$ 16,253,401.79	\$ 16,253,401.79	\$ 17,164,746.00	\$ 17,164,746.00	

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Current Fund		Variance Favorable/ (Unfavorable)	Utility Operating Funds *		Variance Favorable/ (Unfavorable)
	Final Budget	Actual		Final Budget	Actual	
Expenditures (Continued):						
County and School Taxes	\$ 19,783,345.01	\$ 19,783,345.01				
Other Expenses		13,053.78	\$ (13,053.78)			
Total Expenditures	\$ 36,036,746.80	\$ 36,049,800.58	\$ (13,053.78)	\$ 17,164,746.00	\$ 17,164,746.00	
Excess in Revenues over Expenditures		\$ 1,253,160.85	\$ 1,253,160.85	\$ (13,000.00)	\$ 3,930,551.54	\$ 3,943,551.54
Adjustment to Income Before Fund Balance:						
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Years				\$ 13,000.00	\$ 13,000.00	
Statutory Excess to Fund Balance		\$ 1,253,160.85	\$ 1,253,160.85		\$ 3,943,551.54	\$ 3,943,551.54
Fund Balance, January 1, 2011		\$ 1,543,642.96	\$ 1,543,642.96		\$ 4,493,060.33	\$ 4,493,060.33
Decreased by:		\$ 2,796,803.81	\$ 2,796,803.81		\$ 8,436,611.87	\$ 8,436,611.87
Utilization as Anticipated Revenue Transferred to Current Fund as Anticipated Revenue		\$ 1,126,612.23	\$ 1,126,612.23		\$ 340,257.00	\$ 340,257.00
					2,913,371.00	2,913,371.00
Fund Balance, December 31, 2011		\$ 1,126,612.23	\$ 1,126,612.23		\$ 3,253,628.00	\$ 3,253,628.00
		\$ 1,670,191.58	\$ 1,670,191.58		\$ 5,182,983.87	\$ 5,182,983.87

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>Trust Other Fund #1</u>	<u>Trust Other Fund #2</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 86,599.61	\$ 70,785.64	\$ 157,385.25
<u>DECREASED BY</u>			
Transferred to Current Fund as Anticipated Revenue	<u>50,000.00</u>		<u>50,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 36,599.61</u>	<u>\$ 70,785.64</u>	<u>\$ 107,385.25</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - STATUTORY BASIS

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 401,262.99
<u>INCREASED BY</u>	
Premium on Sale of Bond Anticipation Notes	<u>61,778.77</u>
	\$ 463,041.76
<u>DECREASED BY</u>	
Transferred to Current Fund as Anticipated Revenue	<u>70,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 393,041.76</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
UTILITY CAPITAL FUNDS
COMBINED STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>Electric Utility</u>	<u>Parking Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2010</u>	\$ 70,682.43		\$ 227,673.79	\$ 298,356.22
<u>INCREASED BY</u>				
Transfer from South River Parking Authority from Dissolution		\$ 64,179.99		64,179.99
Premium on Sale of Bond Anticipation Notes	8,731.91		21,792.87	30,524.78
	\$ 79,414.34	\$ 64,179.99	\$ 249,466.66	\$ 393,060.99
<u>DECREASED BY</u>				
Transferred to Operating Fund as Anticipated Revenue	14,728.00		98,373.00	113,101.00
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 64,686.34</u>	<u>\$ 64,179.99</u>	<u>\$ 151,093.66</u>	<u>\$ 279,959.99</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

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

- A. Reporting Entity - The Borough of South River is located in Middlesex County, just outside the City of New Brunswick and approximately 35 miles south of New York City. The population, according to the 2010 census, is 16,008.

The Borough of South River operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

The financial statements do not include the operations of the Municipal Library or the Parking Authority, which are separate entities subject to separate examinations.

- B. Description of Funds - The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are an "Other Comprehensive Basis of Accounting" (OCBOA) which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. 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 and an account which differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal, State, County and Local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund, Electric Consumer Deposits, Tax Title Lien Premiums/Redemption, unemployment and other required funds.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

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

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

Utilities Funds - Water and Electric Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library - Budget Appropriations and State Aid are transferred to the Free Public Library Trust Fund account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended there from. The Library is the subject of a separate report.

Payroll Trust Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly there from. A Payroll Fund does not exist under GAAP.

Fixed Asset Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. **Basis of Accounting** - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Grant Revenue – Federal, State, County and Local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of South River's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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 - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

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

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

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

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

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the Water and Electric Utility Operating Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of South River has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset 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.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water and Electric Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 2. **CASH, CASH EQUIVALENTS AND INVESTMENTS**

A. **Cash and Cash Equivalents**

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk

As of December 31, 2011, the Borough had funds on deposit in checking and statement savings accounts. The carrying amount of the Borough's Cash and Cash Equivalents as of December 31, 2011 was \$22,609,717.33. The funds were covered by the Government Unit Deposit Protection Act "GUDPA". These funds constitute "deposits with financial institutions" as defined by GASB Statement #3 as amended by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 3. **TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Comparative Schedule of Tax Rates

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate	\$ 6.666	\$ 6.401	\$ 6.249	\$ 6.237	\$ 5.850
Apportionment of Tax Rate:					
Municipal	1.863	1.987	1.938	1.945	1.626
Library	0.123				
County:					
Regular	1.130	1.057	1.047	1.034	0.965
Open Space	0.111	0.076	0.119	0.121	0.115
Local School	3.439	3.281	3.145	3.137	3.144

Assessed Valuation

2011	\$ 422,765,085.00
2010	425,594,179.00
2009	426,811,899.00
2008	426,628,526.00
2007	426,314,982.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2011	\$ 28,202,908.07	\$ 27,522,627.54	97.58%
2010	27,258,681.92	26,541,537.70	97.37%
2009	26,694,630.46	26,140,465.75	97.92%
2008	26,615,158.87	25,925,228.93	97.41%
2007	24,964,954.51	24,490,127.33	98.10%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$ 149,613.83	\$ 613,734.94	\$ 763,348.77	2.71%
2010	132,592.22	669,440.05	802,032.27	2.94%
2009	106,975.25	515,816.70	622,791.95	2.33%
2008	50,301.80	680,019.42	730,321.22	2.74%
2007	55,090.92	469,438.26	524,529.18	2.11%

Note 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2011	\$ 47,800.00
2010	47,800.00
2009	47,800.00
2008	62,400.00
2007	62,400.00

Note 5. UTILITY RECEIVABLES AND COLLECTIONS

The Borough operates an Electric Utility, Parking Utility and a Water Utility for the benefit of its residents.

Comparison of Electric Utility Levies and Collections

The Borough's Electric Utility Customers are billed monthly based on usage.

<u>Year</u>	<u>Levy **</u>	<u>Cash Collections *</u>
2011	\$ 14,744,412.76	\$ 14,953,578.47
2010	15,465,767.80	15,054,935.42
2009	14,152,007.68	14,895,187.22
2008	15,304,983.75	14,084,055.15
2007	8,865,619.20	9,145,629.25

* Cash collections include amounts that were levied in prior years.

** Rate increases effective for 2008.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 5. UTILITY RECEIVABLES AND COLLECTIONS (CONTINUED)

Comparison of Water Utility Levies and Collections

The Borough's Water Utility Customers are billed based on usage quarterly on a cycle basis.

<u>Year</u>	<u>Levy **</u>	<u>Cash Collections *</u>
2011	\$ 3,477,710.35	\$ 3,558,123.15
2010	3,490,170.18	3,428,587.05
2009	2,868,606.50	2,851,172.04
2008	2,802,918.41	2,853,814.68
2007	2,826,465.88	2,917,982.26

* Cash collections include amounts that were levied in prior years.

** Rate increases effective for 2009 and 2010.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

Comparison of Parking Utility Levies and Collections

<u>Year</u>	<u>Cash Collections</u>
2011 (Inception November 1, 2011)	\$ 6,409.94

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 6. **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>				
2011	\$ 1,670,191.58	\$ 1,126,612.64	N/A	67.45%
2010	1,543,642.96	1,126,612.23	N/A	72.98%
2009	1,460,397.50	905,858.14	N/A	62.03%
2008	805,676.99	646,000.00	N/A	80.18%
2007	1,329,223.85	1,225,000.00	N/A	92.16%
<u>Electric Utility Operating Fund</u>				
2011	\$ 4,142,373.53	\$ 3,556,371.00	None	85.85%
2010	3,841,052.47	None	\$ 2,913,371.00	75.85%
2009	3,050,704.55	None	2,704,000.00	88.64%
2008	2,773,915.20	None	2,529,000.00	91.17%
2007	1,772,971.13	None	1,529,000.00	86.24%
<u>Parking Utility Operating Fund</u>				
2011 *	\$ 66,493.52	\$ 28,500.00	\$ None	42.86%
<u>Water Utility Operating Fund</u>				
2011	\$ 974,116.82	\$ 416,855.00	\$ None	42.79%
2010	652,007.86	340,257.00	None	52.19%
2009	389,015.20	253,787.00	None	65.24%
2008	386,890.09	168,000.00	None	43.42%
2007	484,284.90	392,562.00	None	81.06%

* Inception year effective November 1, 2011

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with 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, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 19,008,941.64	\$ 19,558,614.14	\$ 14,388,892.31
Electric Utility:			
Bonds and Notes	6,166,000.00	7,378,000.00	8,065,000.00
Parking Utility:			
Bonds and Notes	None	None	None
Water Utility:			
Bonds, Loans and Notes	<u>5,785,593.90</u>	<u>6,258,977.78</u>	<u>6,123,048.37</u>
Total Issued	<u>\$ 30,960,535.54</u>	<u>\$ 33,195,591.92</u>	<u>\$ 28,576,940.68</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 1,437,161.23	\$ 1,937,161.23	\$ 4,545,883.49
Electric Utility:			
Bonds and Notes	400,000.00	400,000.00	400,000.00
Parking Utility:			
Bonds and Notes	None	None	None
Water Utility:			
Bonds and Notes	<u>2,126,000.00</u>	<u>2,126,000.00</u>	<u>2,017,500.00</u>
Total Authorized But Not Issued	<u>\$ 3,963,161.23</u>	<u>\$ 4,463,161.23</u>	<u>\$ 6,963,383.49</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 34,923,696.77</u>	<u>\$ 37,658,753.15</u>	<u>\$ 35,540,324.17</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. **MUNICIPAL DEBT (CONTINUED)**

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.328%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 23,858,565.00	\$ 23,858,565.00	\$ None
Electric Utility Debt	6,566,000.00	6,566,000.00	None
Parking Utility Debt	None	None	None
Water Utility Debt	7,911,593.90	7,911,593.90	None
General Debt	<u>20,446,102.87</u>	<u>None</u>	<u>20,446,102.87</u>
	<u>\$ 58,782,261.77</u>	<u>\$ 38,336,158.90</u>	<u>\$ 20,446,102.87</u>

Net Debt \$20,446,102.87 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,540,198,371.00 equals 1.328%. The Annual Debt Statement, as amended, has been filed.

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

3½% of Average Equalized Valuation Basis (Municipal)	\$ 53,906,942.99
Net Debt	<u>20,446,102.87</u>
Remaining Borrowing Power	<u>\$ 33,460,840.12</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. **MUNICIPAL DEBT (CONTINUED)**

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 15,050,100.51
Deductions:		
Operating and Maintenance Costs	\$ 11,859,578.00	
Debt Service	<u>961,612.43</u>	
Total Deductions		<u>12,821,190.43</u>
Excess in Revenue		<u>\$ 2,228,910.08</u>

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 4,032,567.54
Deductions:		
Operating and Maintenance Costs	\$ 2,683,551.00	
Debt Service	<u>579,709.28</u>	
Total Deductions		<u>3,263,260.28</u>
Excess in Revenue		<u>\$ 769,307.26</u>

There being an excess in revenue for both the Electric and Water Utilities, the funds were self liquidating and therefore, all the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 6,409.14
Deductions:		
Operating and Maintenance Costs	\$ 13,000.00	
Debt Service	<u>None</u>	
Total Deductions		<u>13,000.00</u>
Deficit in Revenue		<u>\$ 6,590.86</u>

There being a deficit in revenue for the Parking Utility, the fund was not self-liquidating since it was on its inception year.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

As of December 31, 2011, the Borough's long-term debt is as follows:

General Capital Fund - Serial Bonds:

\$8,405,000.00 General Obligation Bonds, Series 2007
 Annual maturities of \$400,000.00 to \$750,000.00
 through December 2022 at interest rates ranging from
 4.125% to 4.250%. \$ 7,280,000.00 *

\$2,625,000.00 General Obligation Refunding Bonds, Series
 2010 Annual Maturities of \$510,000.00 to \$570,000.00
 through October 2014 at an interest rate of 2.00%. 1,635,000.00

\$ 8,915,000.00

Electric Utility Capital Fund - Serial Bonds:

\$5,990,000.00 Electric System Improvement Bonds,
 Series 2007 - Annual maturities of \$325,000.00 to
 \$550,000.00 through December 2022 at interest rates
 ranging from 4.125% to 4.250%. \$ 4,800,000.00 *

\$ 4,800,000.00

Water Utility Capital Fund - Serial Bonds:

\$1,169,000.00 Water System Improvement Bonds, Series 1977 -
 Final annual maturity of \$44,000.00 in December 2012 at
 an interest rate of 5.60%. \$ 44,000.00

\$425,000.00 Water System Improvement Bonds, Series 2007 -
 Final annual maturity of \$85,000.00 in December 2012 at
 an interest rate of 4.125%. 85,000.00

\$ 129,000.00

\$ 13,844,000.00

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. **MUNICIPAL DEBT (CONTINUED)**

Long-Term Debt (Continued)

* Redemption of General Obligation Series 2007 and Electric System Improvement Bonds Series 2007: The Bonds maturing prior to December 1, 2018 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after December 1, 2018 are subject to redemption at the option of the Borough, in whole or in part, on any date on or after December 1, 2017, upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption. If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date for redemption. The Governing Body has not, as of the date of this report, opted to redeem the Bonds.

State of New Jersey Environmental Infrastructure Trust Loans (NJEIT)

General Capital Fund:

\$430,000.00 NJEIT - State Portion - Year 2000 - Annual maturities of \$25,000.00 to \$35,000.00 through August 1, 2020 at interest rates ranging from 5.00% to 5.250%.	\$ 255,000.00
\$425,000.00 NJEIT - Federal Portion - Year 2000 - Semi-annual maturities in varying amounts with a maximum of approximately \$23,000.00 per year through August 1, 2019. There is no interest being charged on this loan.	<u>169,941.64</u>
	\$ <u>424,941.64</u>

Water Utility Capital Fund:

\$2,620,000.00 NJEIT - State Portion - Year 2000 - Annual maturities of \$140,000.00 to \$205,000.00 through August 1, 2020 at interest rates ranging from 5.00% to 5.25%.	\$ 1,540,000.00
\$2,637,500.00 NJEIT - Federal Portion - Year 2000 - Semi-annual maturities in varying amounts with a maximum of approximately \$135,000.00 per year through August 1, 2017. There is no interest being charged on this loan.	<u>706,593.90</u>
	\$ <u>2,246,593.90</u>
	\$ <u><u>2,671,535.54</u></u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

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

Calendar Year	General Capital Fund		
	Principal	Interest	Total
2012	\$ 970,000.00	\$ 336,779.49	\$ 1,306,779.49
2013	1,010,000.00	308,924.52	1,318,924.52
2014	1,035,000.00	279,062.12	1,314,062.12
2015	675,000.00	247,249.72	922,249.72
2016	725,000.00	219,384.91	944,384.91
	<u>4,415,000.00</u>	<u>1,391,400.76</u>	<u>5,806,400.76</u>
2017	750,000.00	189,431.81	939,431.81
2018	750,000.00	158,475.00	908,475.00
2019	750,000.00	127,487.25	877,487.25
2020	750,000.00	95,716.80	845,716.80
2021	750,000.00	65,005.88	815,005.88
	<u>3,750,000.00</u>	<u>636,116.74</u>	<u>4,386,116.74</u>
2022	750,000.00	31,873.73	781,873.73
	<u>750,000.00</u>	<u>31,873.73</u>	<u>781,873.73</u>
	\$ <u>8,915,000.00</u>	\$ <u>2,059,391.23</u>	\$ <u>10,974,391.23</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

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

Calendar Year	Electric Utility Capital Fund		
	Principal	Interest	Total
2012	\$ 325,000.00	\$ 200,533.01	\$ 525,533.01
2013	375,000.00	187,081.73	562,081.73
2014	375,000.00	171,606.63	546,606.63
2015	400,000.00	156,094.03	556,094.03
2016	400,000.00	139,615.09	539,615.09
	<u>1,875,000.00</u>	<u>854,930.49</u>	<u>2,729,930.49</u>
2017	425,000.00	123,161.94	548,161.94
2018	450,000.00	105,650.00	555,650.00
2019	475,000.00	87,137.75	562,137.75
2020	500,000.00	66,845.70	566,845.70
2021	525,000.00	44,431.62	569,431.62
	<u>2,375,000.00</u>	<u>427,227.01</u>	<u>2,802,227.01</u>
2022	550,000.00	23,376.27	573,376.27
	<u>550,000.00</u>	<u>23,376.27</u>	<u>573,376.27</u>
	<u>\$ 4,800,000.00</u>	<u>\$ 1,305,533.77</u>	<u>\$ 6,105,533.77</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

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

<u>Calendar Year</u>	<u>Water Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 129,000.00	\$ 5,970.25	\$ 134,970.25
2013			
2014			
2015			
2016			
	129,000.00	5,970.25	134,970.25
2017			
2018			
2019			
2020			
2021			
2022			
	\$ 129,000.00	\$ 5,970.25	\$ 134,970.25

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

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

Calendar Year	Total for all Funds - Bonds		
	Principal	Interest	Total
2012	\$ 1,424,000.00	\$ 543,282.75	\$ 1,967,282.75
2013	1,385,000.00	496,006.25	1,881,006.25
2014	1,410,000.00	450,668.75	1,860,668.75
2015	1,075,000.00	403,343.75	1,478,343.75
2016	1,125,000.00	359,000.00	1,484,000.00
	<u>6,419,000.00</u>	<u>2,252,301.50</u>	<u>8,671,301.50</u>
2017	1,175,000.00	312,593.75	1,487,593.75
2018	1,200,000.00	264,125.00	1,464,125.00
2019	1,225,000.00	214,625.00	1,439,625.00
2020	1,250,000.00	162,562.50	1,412,562.50
2021	1,275,000.00	109,437.50	1,384,437.50
	<u>6,125,000.00</u>	<u>1,063,343.75</u>	<u>7,188,343.75</u>
2022	1,300,000.00	55,250.00	1,355,250.00
	<u>1,300,000.00</u>	<u>55,250.00</u>	<u>1,355,250.00</u>
	\$ <u>13,844,000.00</u>	\$ <u>3,370,895.25</u>	\$ <u>17,214,895.25</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – New Jersey Environmental Infrastructure Trust (NJEIT)

Calendar Year	General Capital Fund		
	Principal	Interest	Total
2012	\$ 48,095.20	\$ 13,131.26	\$ 61,226.46
2013	47,338.11	11,881.26	59,219.37
2014	46,581.01	10,631.26	57,212.27
2015	45,823.92	9,381.26	55,205.18
2016	53,076.28	8,100.00	61,176.28
	<u>240,914.52</u>	<u>53,125.04</u>	<u>294,039.56</u>
2017	52,145.04	6,562.50	58,707.54
2018	51,191.10	4,987.50	56,178.60
2019	45,690.98	3,412.50	49,103.48
2020	35,000.00	1,837.50	36,837.50
	<u>184,027.12</u>	<u>16,800.00</u>	<u>200,827.12</u>
	<u>\$ 424,941.64</u>	<u>\$ 69,925.04</u>	<u>\$ 494,866.68</u>

Calendar Year	Water Utility Capital Fund		
	Principal	Interest	Total
2012	\$ 275,304.34	\$ 79,337.50	\$ 354,641.84
2013	279,070.59	72,337.50	351,408.09
2014	290,767.00	65,087.50	355,854.50
2015	294,070.59	57,337.50	351,408.09
2016	305,180.97	49,137.50	354,318.47
	<u>1,444,393.49</u>	<u>323,237.50</u>	<u>1,767,630.99</u>
2017	212,200.41	40,425.00	252,625.41
2018	190,000.00	30,975.00	220,975.00
2019	195,000.00	21,000.00	216,000.00
2020	205,000.00	10,762.50	215,762.50
	<u>802,200.41</u>	<u>103,162.50</u>	<u>905,362.91</u>
	<u>\$ 2,246,593.90</u>	<u>\$ 426,400.00</u>	<u>\$ 2,672,993.90</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – New Jersey Environmental Infrastructure Trust (NJEIT)
(Continued)

<u>Calendar Year</u>	<u>Total for all Funds - NJEIT Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 323,399.54	\$ 92,468.76	\$ 415,868.30
2013	326,408.70	84,218.76	410,627.46
2014	337,348.01	75,718.76	413,066.77
2015	339,894.51	66,718.76	406,613.27
2016	358,257.25	57,237.50	415,494.75
	<u>1,685,308.01</u>	<u>376,362.54</u>	<u>2,061,670.55</u>
2017	264,345.45	46,987.50	311,332.95
2018	241,191.10	35,962.50	277,153.60
2019	240,690.98	24,412.50	265,103.48
2020	240,000.00	12,600.00	252,600.00
	<u>986,227.53</u>	<u>119,962.50</u>	<u>1,106,190.03</u>
	<u>\$ 2,671,535.54</u>	<u>\$ 496,325.04</u>	<u>\$ 3,167,860.58</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. **MUNICIPAL DEBT (CONTINUED)**

Bond Anticipation Notes

At December 31, 2011, the Borough's outstanding Bond Anticipation Notes are as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required</u>	
				<u>First</u>	<u>Final</u>
General Capital Fund	1.50%	2008	\$ 2,251,000.00	2011	2019
	1.50%	2009	847,000.00	2012	2020
	1.50%	2010	6,000,000.00	2013	2021
	1.50%	2011	571,000.00	2014	2022
			<u>9,669,000.00</u>		
Electric Utility Capital Fund	1.50%	2008	\$ 970,000.00	2011	2019
	1.50%	2009	396,000.00	2012	2020
			<u>1,366,000.00</u>		
Water Utility Capital Fund	1.50%	2008	\$ 553,000.00	2011	2019
	1.50%	2009	2,282,000.00	2012	2020
	1.50%	2010	575,000.00	2013	2021
			<u>3,410,000.00</u>		
			<u>\$ 14,445,000.00</u>		

Bonds and Notes Authorized But Not Issued

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

Funds:

General Capital	\$ 1,437,161.23
Electric Utility Capital	400,000.00
Parking Utility Capital	None
Water Utility Capital	<u>2,126,000.00</u>
	<u>\$ 3,963,161.23</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 7. **MUNICIPAL DEBT (CONTINUED)**

Subsequent Event

Subsequent to year end, the Borough adopted ordinances totaling \$1,067,848.31 for various improvements which are funded by a CDBG Grant of \$61,848.31, Capital Improvement Fund of \$49,000.00, Capital Fund balance of \$50,000.00 and Bond and Notes Authorized of \$908,000.00.

Due to Bond Registrar/Paying Agent

The Water Utility Operating Fund Balance Sheet reflects an amount of due from Bond Registrar/Paying Agent of \$57,812.00 and due to Bond Registrar/Paying Agent of \$111,840.00. These balances represent amounts that were paid (due from) in prior year and a liability (due to) the current year. The amounts were possibly never invoiced properly by the Paying Agent. These amounts were being reviewed on an ongoing basis for liquidation.

Continuing Disclosure Requirement

As a result of the General Obligation Refunding Bonds, Series 2010 and 2007 General Obligation Bond Sales, the Borough is required to comply with the Securities and Exchange Commission Rule 15c2-12, which is related to the Annual Continuing Disclosure Requirement. The Borough complied with the requirement in 2011 and 2010.

Note 8. **DEFERRED SCHOOL DISTRICT TAXES**

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows.

The Borough of South River has elected to defer school taxes as follows:

	Local School District Taxes		Increase/ (Decrease)
	Balance, December 31		
	<u>2011</u>	<u>2010</u>	
Balance of Tax*	\$ 6,767,509.00	\$ 6,562,420.00	\$ 205,089.00
Deferred	<u>6,309,686.00</u>	<u>6,309,686.00</u>	<u>None</u>
Payable	<u>\$ 457,823.00</u>	<u>\$ 252,734.00</u>	<u>\$ 205,089.00</u>

* Required for school operations for the six-month period following December 31st.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 9. **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance December 31, 2011</u>	<u>2012 Budget Appropriations</u>	<u>Balance to be Raised in Succeeding Year's Budget</u>
Parking Utility Operating Fund (Inception Year) (per NJSA 40:4-46) Emergency Authorizations	<u>\$ 13,000.00</u>	<u>\$ 13,000.00</u>	<u>None</u>
Total	<u><u>\$ 13,000.00</u></u>	<u><u>\$ 13,000.00</u></u>	<u><u>None</u></u>

The appropriations in the 2012 Budget are not less than that required by statute.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 10. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) are considered cost sharing multiple-employer plans. The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. Members are eligible for retirement at age sixty with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Pension benefits for members enrolled in the system after May 21, 2010 would be based on 1/60th of the average annual compensation for the last five (5) years of service or any five fiscal years of membership that provide the largest benefit to the member or the member's beneficiary. Early retirement is available to those under age sixty with twenty-five or more years of credited service. Anyone who retires early and is under age fifty-five receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age fifty-five).

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 10. PENSION PLANS (CONTINUED)

Contributions Required to be Made

Employee contributions for 2011 were five and one-half percent (5½%) through September 30, 2011 and six and one-half percent (6½%) thereafter of the employee's base wages for PERS and eight and one-half percent (8½%) through September 30, 2011 and ten percent (10%) thereafter for employee base wages for PFRS. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

PERS				
<u>Year</u>	Borough		<u>Net Cost</u>	<u>Employees</u>
	Liability			
	<u>Normal</u>	<u>Accrued</u>		
2011	\$ 166,735.00	\$ 265,681.00	\$ 432,416.00	\$ 251,112.05
2010	139,813.00	179,644.00	319,457.00	237,139.57
2009	125,034.00	144,618.00	269,652.00	234,361.55

PFRS				
<u>Year</u>	Borough		<u>Net Cost</u>	<u>Employees</u>
	Liability			
	<u>Normal</u>	<u>Accrued</u>		
2011	\$ 416,800.00	\$ 334,206.00	\$ 751,006.00	\$ 267,478.70
2010	358,968.00	255,740.00	614,708.00	253,907.59
2009	324,328.00	224,408.00	548,736.00	241,163.65

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 11 **POST EMPLOYMENT RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 7, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

Plan Description – New Jersey State Health Benefits Program (“NJSHBP”)

The NJSHBP as of July 1, 2010 had “local employees” statewide of 45,739 active and 16,901 retired for a total of 62,640 members. The Borough had 98 active and 49 retired employees for a total of 147.

The Borough contributes to the NJSHBP, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. NJSHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. NJSHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. In accordance with GASB's 43 and 45, the NJSHBP has been determined to be a cost-sharing multiple-employer plan. Under GASB 45, the Borough is not required nor allowed to accrue reserves to fund the ultimate payment of the retirees health benefit obligation that is being earned.

The NJSHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the NJSHBP. The Borough authorized participation in the NJSHBP's post-retirement benefit program through resolution.

The New Jersey State Health Benefits (“NJSHB”) Commission is the executive body established by statute to be responsible for the operation of the NJSHBP. 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 NJSHBP and an annual actuarial valuation report. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 11 **POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2011	49	\$ 693,533.53
2010	48	585,667.35
2009	46	493,721.70

NOTE 12 **DEFINED CONTRIBUTION RETIREMENT PROGRAM**

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or loses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

NOTE 12 DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)

Description of System (Continued)

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

Contributions to the plan were as follows:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2011	\$ 308.34	\$ None
2010	459.73	576.06
2009	321.14	588.48

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 14. SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS

The Borough of South River maintains three (3) enterprise funds that provide electric, water and parking to the residents and businesses of the Borough. Segment information for the year ended December 31, 2011 is as follows:

	<u>Electric Utility</u>	<u>Parking Utility</u> (Inception Year)	<u>Water Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:				
Operating Fund Balance				
Appropriated			\$ 340,257.00	\$ 340,257.00
Rents	\$ 14,953,578.47		3,558,123.15	18,511,701.62
Miscellaneous	<u>14,728.00</u>		<u>98,373.00</u>	<u>113,101.00</u>
Budget Totals	\$ 14,968,306.47		\$ 3,996,753.15	\$ 18,965,059.62
Other Credits to Income:				
Non-budget Revenue	\$ 126,815.67	\$ 6,409.14	\$ 42,454.23	\$ 175,679.04
Current Appropriations Canceled	2,925.57		46,369.72	49,295.29
Unexpended Balance of Appropriation Reserves Lapsed and Encumbrances Canceled	1,683,760.35		161,418.86	1,845,179.21
Other		<u>60,084.38</u>		<u>60,084.38</u>
Total Revenues	\$ <u>16,781,808.06</u>	\$ <u>66,493.52</u>	\$ <u>4,246,995.96</u>	\$ <u>21,095,297.54</u>
Expenditures:				
Operating:				
Salaries and Wages	\$ 1,375,000.00	\$ 4,000.00	\$ 630,000.00	\$ 2,009,000.00
Other Expenses	1,965,000.00	8,650.00	1,055,500.00	3,029,150.00
Purchase of Power/Water	8,275,000.00		850,000.00	9,125,000.00
Capital Improvements	300,000.00		200,000.00	500,000.00
Debt Service	964,538.00		626,079.00	1,590,617.00
Deferred Charges and Statutory Expenditures	244,578.00	350.00	223,051.00	467,979.00
Surplus - General Budget	<u>443,000.00</u>			<u>443,000.00</u>
Total Expenditures	\$ <u>13,567,116.00</u>	\$ <u>13,000.00</u>	\$ <u>3,584,630.00</u>	\$ <u>17,164,746.00</u>
Excess in Revenue	\$ <u>3,214,692.06</u>	\$ <u>53,493.52</u>	\$ <u>662,365.96</u>	\$ <u>3,930,551.54</u>
Adjustment to Income Before Fund Balance:				
Expenditures above Which are by Statute Deferred Charges to Budgets of Succeeding Years		<u>\$ 13,000.00</u>		<u>\$ 13,000.00</u>
Statutory Excess to Fund Balance	\$ 3,214,692.06	\$ 66,493.52	\$ 662,365.96	\$ 3,943,551.54

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 14. SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS
(CONTINUED)

	<u>Electric Utility</u>	<u>Parking Utility</u> (Inception Year)	<u>Water Utility</u>	<u>Total Enterprise Fund</u>
Fund Balance, January 1, 2011	\$ <u>3,841,052.47</u>	<u> </u>	\$ <u>652,007.86</u>	\$ <u>4,493,060.33</u>
	\$ <u>7,055,744.53</u>	\$ <u>66,493.52</u>	\$ <u>1,314,373.82</u>	\$ <u>8,436,611.87</u>
Decreased by:				
Utilization as Anticipated Revenue			\$ 340,257.00	\$ 340,257.00
Transferred to Current Fund as Anticipated Revenue	\$ <u>2,913,371.00</u>	<u> </u>	<u> </u>	<u>2,913,371.00</u>
	\$ <u>2,913,371.00</u>	<u> </u>	\$ <u>340,257.00</u>	\$ <u>3,253,628.00</u>
Fund Balance, December 31, 2011	\$ <u><u>4,142,373.53</u></u>	\$ <u><u>66,493.52</u></u>	\$ <u><u>974,116.82</u></u>	\$ <u><u>5,182,983.87</u></u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 15. RISK MANAGEMENT

Property and Liability Insurance

The Borough, together with other governmental units, are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2011, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 26,000.00	\$ 357.57	\$ 75,171.84	\$ 66,140.42
2010	17,003.21	709.38	31,225.21	114,954.69
2009	30,779.46	None	None	128,467.31

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 16. DEFERRED COMPENSATION PLAN

The Borough of South River offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

The Borough of South River authorized such modifications to their plan by resolution of the Borough Council adopted September 10, 1997.

The Deferred Compensation Plan is administered by the American Insurance General (AIG).

Note 17. LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). On November 2, 2004 the voters of the Borough approved an increase of the annual appropriation to \$112,800.00 subject to a per member minimum of \$800.00 and a maximum of \$1,500.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subjected to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. A separate report as of December 31, 2011 revealed net assets available for benefits of \$645,030.61. The Borough's contribution for December 31, 2011 is \$73,211.60.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

Note 18. CONTINGENT LIABILITIES

A. Accrued Sick Pay

The Borough's collective bargaining agreements provide for payment to employees upon retirement for unused sick days. There are six (6) collective bargaining agreements, which provide for amounts of payments based on the individual agreements. The noncollective bargaining employees are subject to a limit of one (1) day for every six (6) days accumulated and used. The total liability, based upon the above data and limitations, is on file in the Finance Office and amounts to \$240,982.58.

B. Litigation

The Borough is a party to various legal proceedings. These legal proceedings are not likely to have an adverse financial impact on the Borough, based on inquiry of management and the various attorneys.

C. Grants

The Borough of South River participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

D. Reserve for State Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2011 of \$95,000.00, which represents an estimate for several tax appeals that are pending for 2011. In the event the appeals are awarded in excess of that amount, then a charge to Fund Balance/(Operations) will be needed.

COMBINING AND INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS

CURRENT FUND

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,617,697.21	\$ 3,740,811.73
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	613,734.94	669,440.05
Tax Title Liens Receivable	149,613.83	132,592.22
Property Acquired for Taxes - Assessed Valuation	47,800.00	47,800.00
Other Accounts Receivable:		
Revenue Accounts Receivable	15,659.72	24,607.33
Deferred Charges	<u> </u>	<u>35,000.00</u>
Total Current Fund	<u>\$ 4,444,505.70</u>	<u>\$ 4,650,251.33</u>
Grant Fund:		
Grants Receivable	\$ 99,695.82	\$ 62,809.19
Interfund Receivable- Due from Current Fund	<u>109,303.88</u>	<u>599,292.45</u>
Total Grant Fund	<u>\$ 208,999.70</u>	<u>\$ 662,101.64</u>
Total Assets	<u>\$ 4,653,505.40</u>	<u>\$ 5,312,352.97</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 710,265.43	\$ 732,384.63
Reserve for Encumbrances	387,350.43	393,414.92
Prepaid Taxes	130,594.02	83,288.22
Tax Overpayments	10,267.09	13,932.35
Due to State of New Jersey:		
Ch. 20,P.L. 1971	22,542.13	21,042.13
DCA Training Fees	1,651.00	1,392.00
Various Reserves	117,708.65	134,688.07
Local School Taxes Payable	457,823.00	252,734.00
Interfunds Payable-		
Due to Grant Fund	<u>109,303.88</u>	<u>599,292.45</u>
	\$ 1,947,505.63	\$ 2,232,168.77
Reserve for Receivables and Other Assets	826,808.49	874,439.60
Fund Balance	<u>1,670,191.58</u>	<u>1,543,642.96</u>
Total Current Fund	\$ <u>4,444,505.70</u>	\$ <u>4,650,251.33</u>
Grant Fund:		
Reserve for Grants:		
Appropriated	\$ 157,097.83	\$ 652,568.23
Unappropriated	14,202.22	4,078.83
Reserve for Encumbrances	<u>37,699.65</u>	<u>5,454.58</u>
Total Grant Fund	\$ <u>208,999.70</u>	\$ <u>662,101.64</u>
Total Liabilities, Reserves and Fund Balance	\$ <u>4,653,505.40</u>	\$ <u>5,312,352.97</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,126,612.23	\$ 905,858.14
Miscellaneous Revenues Anticipated	5,177,658.01	4,814,507.97
State Aid	825,291.00	825,291.00
Grants	173,552.82	167,577.56
Receipts from Delinquent Taxes	672,115.20	517,149.45
Amount to be Raised by Taxation for Support of Municipal Budget	8,489,749.20	8,495,894.89
Non-Budget Revenues	303,209.56	249,804.33
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	742,239.75	555,811.59
Current Appropriations Canceled	3,371.17	19,354.62
Cancellation of Reserve for State Tax Appeal		30,000.00
Cancellation of Prior Year Grant Appropriated and Unappropriated Reserves	5,817.48	117,509.21
Cancellation of Prior Year Reserve for Encumbrances		24.00
Cancellation of Tax Overpayments		25.72
Taxes Allocated to School and County Taxes	<u>19,783,345.01</u>	<u>18,784,585.28</u>
 Total Income	 <u>\$ 37,302,961.43</u>	 <u>\$ 35,483,393.76</u>
 Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 750,800.00	\$ 753,100.00
Land Use	63,705.00	48,105.00
Insurance	1,559,000.00	1,487,520.00
Public Safety	4,162,210.00	4,139,460.00
Public Works	1,886,650.00	1,876,150.00
Health and Human Services	259,407.00	259,301.00
Parks and Recreation	442,300.00	509,650.00
Utility Expense and Bulk Purchases	445,000.00	385,000.00
Sanitary Landfill	530,000.00	515,000.00
Contingent	1,500.00	2,500.00
Deferred Charges and Statutory Expenditures	1,318,321.00	1,115,209.00
Excluded from "CAPS":		
Public Safety	210,500.00	142,000.00
Public Works	200,000.00	220,000.00
Education - Library	561,000.00	561,000.00
Sewer	1,186,630.00	1,101,163.00
Insurance		97,480.00

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget as Modified	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,126,612.23	\$ 1,126,612.23	_____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 14,000.00	\$ 13,705.00	\$ (295.00)
Other	15,000.00	10,835.00	(4,165.00)
Fees and Permits	88,000.00	109,258.58	21,258.58
Fines and Costs - Municipal Court	333,000.00	346,207.93	13,207.93
Interest and Costs on Taxes	90,000.00	115,019.10	25,019.10
Interest on Investments and Deposits	17,000.00	32,777.26	15,777.26
Anticipated Operating Surplus - Electric	<u>443,000.00</u>	<u>443,000.00</u>	_____
	<u>\$ 1,000,000.00</u>	<u>\$ 1,070,802.87</u>	<u>\$ 70,802.87</u>
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 592,997.00	\$ 592,997.00	
Consolidated Municipal Property Tax Relief Aid	<u>232,294.00</u>	<u>232,294.00</u>	_____
	<u>\$ 825,291.00</u>	<u>\$ 825,291.00</u>	_____
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):			
Zoning Fees	\$ 15,000.00	\$ 10,254.50	\$ (4,745.50)
	<u>\$ 15,000.00</u>	<u>\$ 10,254.50</u>	<u>\$ (4,745.50)</u>
Special Items of Revenue with Prior Consent of the Director: Additional Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):			
Uniform Construction Code Fees	\$ 160,000.00	\$ 190,627.00	\$ 30,627.00
	<u>\$ 160,000.00</u>	<u>\$ 190,627.00</u>	<u>\$ 30,627.00</u>
Special Items of Revenue Offset with Appropriations:			
Clean Communities Program	\$ 22,651.29	\$ 22,651.29	
Municipal Alliance on Alcoholism and Drug Abuse	15,137.00	15,137.00	
Alcohol Education and Rehabilitation Fund	1,055.73	1,055.73	
Body Armor Replacement Fund	3,023.10	3,023.10	
Violence Against Women Act Grant	60,000.00	60,000.00	
Middlesex County Office on Aging Grant:			
Physical	2,278.00	2,278.00	
Residential Maintenance	4,000.00	4,000.00	
Prosecutor's County Law Enforcement Trust	11,000.00	11,000.00	
Green Communities Grant	3,000.00	3,000.00	
Bulletproof Vest Partnership Grant	2,550.00	2,550.00	
NJDL&PS - Division of Highway Traffic Safety	4,400.00	4,400.00	
HCD - Senior Center Coordinator	14,900.00	14,900.00	
Port Authority First Responder Grant	5,000.00	5,000.00	
Recycling Tonnage Grant	<u>24,557.70</u>	<u>24,557.70</u>	_____
	<u>\$ 173,552.82</u>	<u>\$ 173,552.82</u>	_____

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget as Modified</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue with Prior Consent of the Director:			
Uniform Fire Safety Act	\$ 53,000.00	\$ 54,927.82	\$ 1,927.82
Host Community Benefits	708,226.43	708,226.43	
Cable Television Percentage of Revenue - 2%	34,215.00	34,215.14	0.14
Payment in Lieu of Taxes - National Church Residence - Willet Manor	38,000.00	41,202.15	3,202.15
Payment in Lieu of Taxes - National Church Residence - South River Landing	35,000.00	34,031.10	(968.90)
General Capital Fund Balance	70,000.00	70,000.00	
Trust Other Fund Balance	50,000.00	50,000.00	
Utility Operating Surplus - Electric	<u>2,913,371.00</u>	<u>2,913,371.00</u>	
	<u>\$ 3,901,812.43</u>	<u>\$ 3,905,973.64</u>	<u>\$ 4,161.21</u>
Receipts from Delinquent Taxes	<u>\$ 650,000.00</u>	<u>\$ 672,115.20</u>	<u>\$ 22,115.20</u>
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes	\$ 7,880,239.14	\$ 7,968,855.03	\$ 88,615.89
Minimum Library Tax	<u>520,894.17</u>	<u>520,894.17</u>	
	<u>\$ 8,401,133.31</u>	<u>\$ 8,489,749.20</u>	<u>\$ 88,615.89</u>
Budget Totals	\$ 16,253,401.79	\$ 16,464,978.46	\$ 211,576.67
Non-Budget Revenue		<u>303,209.56</u>	<u>303,209.56</u>
	<u>\$ 16,253,401.79</u>	<u>\$ 16,768,188.02</u>	<u>\$ 514,786.23</u>
Detail:			
Budget as Adopted	\$ 16,146,250.50		
Added by N.J.S.A. 40A:4-87	<u>107,151.29</u>		
	<u>\$ 16,253,401.79</u>		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 120,000.00	\$ 120,000.00	\$ 113,406.87		\$ 6,593.13	
Other Expenses	9,100.00	9,100.00	5,062.04	111.89	3,926.07	
Cable Television	10,000.00	10,000.00	6,810.75	3,187.10	2.15	
Human Resources:						
Other Expenses	30,000.00	30,000.00	18,643.89	6,950.00	4,395.11	
Mayor and Council:						
Salaries and Wages	27,000.00	27,000.00	25,762.21		1,237.79	
Other Expenses	12,000.00	12,000.00	9,080.82	80.16	2,839.02	
Borough Clerk:						
Salaries and Wages	85,000.00	85,000.00	84,732.66		267.34	
Other Expenses	22,000.00	22,000.00	20,974.80	22.95	1,002.24	
Codification of Ordinances	500.00	500.00			500.00	
Elections:						
Salaries and Wages	3,500.00	3,500.00	2,042.82		1,457.18	
Other Expenses	7,000.00	7,000.00	5,852.52		1,147.48	
Financial Administration:						
Salaries and Wages	91,000.00	91,000.00	90,333.10		666.90	
Other Expenses	45,000.00	51,000.00	43,030.82	7,825.20	143.98	
Audit Services:						
Other Expenses	32,000.00	32,000.00		31,000.00	1,000.00	
Collection of Taxes:						
Salaries and Wages	40,000.00	40,000.00	37,709.10		2,290.90	
Other Expenses	20,000.00	20,000.00	19,129.07	846.80	24.13	
Assessment of Taxes:						
Salaries and Wages	27,000.00	27,000.00	26,206.18		793.82	
Other Expenses	22,000.00	22,000.00	10,958.36	3,948.50	7,093.14	
Legal Services:						
Other Expenses	80,000.00	80,000.00	71,692.80	6,520.00	1,787.20	
Engineering Services and Costs:						
Other Expenses	30,600.00	30,600.00	11,883.74	4,490.00	14,226.26	
Economic Development Commission:						
Other Expenses	1,100.00	1,100.00	788.16	311.84		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
LAND USE ADMINISTRATION						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Salaries and Wages	\$ 3,705.00	\$ 3,705.00	\$ 3,705.00		\$ 973.76	
Other Expenses	10,000.00	12,500.00	10,851.44	\$ 674.80		
Board of Adjustment:						
Salaries and Wages	23,000.00	23,000.00	21,685.58		1,314.42	
Other Expenses	4,500.00	24,500.00	15,966.95	8,514.58	18.47	
INSURANCE						
Liability Insurance	195,000.00	167,000.00	162,708.49		4,291.51	
Workers' Compensation	152,000.00	152,000.00	152,000.00			
Group Health Benefits	1,230,000.00	1,230,000.00	1,185,276.21	19,224.64	25,499.15	
Unemployment Insurance	10,000.00	10,000.00	10,000.00			
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries and Wages	3,100,000.00	3,100,000.00	2,962,621.61		137,378.39	
Other Expenses	106,750.00	106,750.00	93,982.08	7,922.12	4,845.80	
Special Police:						
Salaries and Wages	32,000.00	32,000.00	20,604.00		11,396.00	
Other Expenses	13,000.00	13,000.00	1,725.00		11,275.00	
School Guards:						
Salaries and Wages	203,500.00	203,500.00	199,253.95		4,246.05	
Other Expenses	3,500.00	3,500.00	669.06	177.28	2,653.66	
Juvenile Conference Committee:						
Other Expenses	2,000.00	2,000.00	167.59		1,832.41	
Police Dispatch/911:						
Salaries and Wages	155,000.00	155,000.00	153,487.13		1,512.87	
Other Expenses	1,000.00	1,000.00	618.00		382.00	
Office of Emergency Management:						
Other Expenses	7,100.00	7,100.00	4,929.74	2,129.12	41.14	
Aid to Volunteer Fire Companies:						
Other Expenses	94,465.00	95,465.00	85,979.60	9,485.40		
Clothing Allowance	45,875.00	44,875.00	33,539.25		11,335.75	
Emergency Medical Services:						
Other Expenses	30,250.00	30,250.00	16,601.73	10,810.00	2,838.27	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC SAFETY FUNCTIONS (CONTINUED)</u>						
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 363):						
Salaries and Wages	\$ 59,000.00	\$ 59,000.00	\$ 59,000.00		\$ 30.79	
Other Expenses	2,700.00	2,700.00	1,714.56	\$ 954.65		
Code Enforcement:						
Salaries and Wages	45,000.00	45,000.00	40,740.04		4,259.96	
Other Expenses	5,000.00	5,000.00	1,821.38	690.50	2,488.12	
Municipal Prosecutor:						
Other Expenses	15,000.00	15,000.00	13,327.03	1,200.00	472.97	
Municipal Court:						
Salaries and Wages	155,000.00	155,000.00	151,437.76		3,562.24	
Other Expenses	8,820.00	8,820.00	2,350.81	1,361.49	5,107.70	
Public Defender (P.L. 1997, C.256):						
Salaries and Wages	250.00	250.00			250.00	
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	515,000.00	515,000.00	487,326.43		27,673.57	
Other Expenses	102,250.00	102,250.00	73,792.15	9,533.41	19,014.44	
Garbage and Trash Removal:						
Salaries and Wages	700,000.00	700,000.00	688,118.34	915.33	11,881.66	
Other Expenses	56,500.00	59,000.00	58,084.67			
Public Buildings and Grounds:						
Other Expenses	125,600.00	155,600.00	142,364.32	5,499.91	7,735.77	
Vehicle Maintenance:						
Salaries and Wages	90,000.00	90,000.00	81,247.60		8,752.40	
Other Expenses	229,800.00	229,800.00	154,897.09	28,932.18	45,970.73	
Lease/Purchase of Police Car(s)	35,000.00	35,000.00	34,970.94		29.06	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Board of Health:						
Salaries and Wages	11,000.00	11,000.00	10,733.32		266.68	
Other Expenses	1,500.00	1,500.00	1,423.74	10.00	66.26	
County Health Program (C. 329, P.L. 1975)	56,407.00	56,407.00	56,407.00			

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS (CONTINUED)</u>						
Office on Aging:						
Salaries and Wages	\$ 130,000.00	\$ 130,000.00	\$ 104,237.20		\$ 25,762.80	
Other Expenses	19,000.00	19,000.00	10,423.36	\$ 836.50	7,740.14	
Environmental Commission (N.J.S.A. 56A-1 et seq.):						
Other Expenses	1,500.00	1,500.00	877.43		622.57	
Animal Control:						
Other Expenses	40,000.00	40,000.00	34,019.12	2,051.02	3,929.86	
<u>PARK AND RECREATION FUNCTIONS</u>						
Department of Recreation:						
Salaries and Wages	160,000.00	110,000.00	91,039.82		18,960.18	
Other Expenses	15,550.00	15,550.00	9,709.86	822.25	5,017.89	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	10,000.00	10,000.00	10,000.00			
Memorial Day Parade	750.00	750.00	750.00			
Senior Events	12,500.00	12,500.00	12,381.89	100.00	18.11	
Holiday Lighting	500.00	500.00	209.77	117.38	172.85	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.):						
Other Expenses	2,000.00	2,000.00		440.00	1,560.00	
Maintenance of Parks:						
Salaries and Wages	275,000.00	250,000.00	226,434.58		23,565.42	
Other Expenses	41,000.00	41,000.00	22,457.82	985.69	17,556.49	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	90,000.00	90,000.00	56,367.07	4,627.49	29,005.44	
Heat	45,000.00	45,000.00	29,879.19	10,000.00	5,120.81	
Gasoline, Lubricants and Oil	90,000.00	125,000.00	95,555.47	7,431.05	22,013.48	
Office Supplies	30,000.00	30,000.00	28,409.86	1,366.57	223.57	
Postage	28,000.00	28,000.00	27,993.26		6.74	
Sewer Department:						
Salaries and Wages	65,000.00	65,000.00	64,964.49		35.51	
Other Expenses	25,000.00	32,000.00	24,606.36	6,429.97	963.67	
Computer Maintenance Service Contract	30,000.00	30,000.00	21,273.02	422.00	8,304.98	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill - Contractual	530,000.00	530,000.00	447,829.16	44,520.00	37,650.84	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET						
BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Salaries and Wages	\$ 67,000.00	\$ 67,000.00	\$ 42,414.70		\$ 24,585.30	
Other Expenses	10,000.00	10,000.00	6,739.50	\$ 1,532.65	1,727.85	
Accumulated Absences	30,000.00	30,000.00	30,000.00			
Total Operations within "CAPS"	\$ 10,099,072.00	\$ 10,099,072.00	\$ 9,198,713.23	\$ 255,022.43	\$ 645,336.34	
CONTINGENT	\$ 1,500.00	\$ 1,500.00			\$ 1,500.00	
Total Operations Including Contingent - within "CAPS"	\$ 10,100,572.00	\$ 10,100,572.00	\$ 9,198,713.23	\$ 255,022.43	\$ 646,836.34	
Detail:						
Salaries and Wages	\$ 6,182,955.00	\$ 6,107,955.00	\$ 5,789,244.49		\$ 318,710.51	
Other Expenses (Including Contingent)	3,917,617.00	3,992,617.00	3,409,468.74	\$ 255,022.43	328,125.83	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 232,629.00	\$ 232,629.00	\$ 232,629.00			
Social Security System (O.A.S.I.)	290,000.00	290,000.00	260,512.37		\$ 29,487.63	
Consolidated Police and Firemen's Pension Fund	11,270.00	11,270.00	10,539.84		730.16	
Police & Firemen's Retirement System	783,672.00	783,672.00	783,672.00			
Defined Contribution Retirement Plan	750.00	750.00	308.34		441.66	
Total Deferred Charges and Statutory Expenditures - Expenditures - Municipal within "CAPS"	\$ 1,318,321.00	\$ 1,318,321.00	\$ 1,287,661.55		\$ 30,659.45	
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 11,418,893.00	\$ 11,418,893.00	\$ 10,486,374.78	\$ 255,022.43	\$ 677,495.79	
OPERATIONS - EXCLUDED FROM "CAPS":						
Other Operations - Excluded from "CAPS":						
Sanitation:						
County Sewerage Authority Contract	\$ 1,186,630.00	\$ 1,186,630.00	\$ 1,186,629.21		\$ 0.79	
Maintenance of Free Public Library	561,000.00	561,000.00	561,000.00			
Length of Service Award Program (LOSAP)	100,000.00	100,000.00		\$ 100,000.00		
Total Other Operations - Excluded from "CAPS"	\$ 1,847,630.00	\$ 1,847,630.00	\$ 1,747,629.21	\$ 100,000.00	\$ 0.79	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Uniform Construction Code - Appropriations Offset by Increased Fee Revenues (N.J.A.C. 5:23-4.17) Salaries and Wages	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00			
Total Uniform Construction Code Appropriation	\$ 93,000.00	\$ 93,000.00	\$ 93,000.00			
Interlocal Municipal Service Agreements: Middlesex County Improvement Authority: Recycling: Other Expenses East Brunswick - Radio Safety Communications System	\$ 200,000.00 17,500.00	\$ 200,000.00 17,500.00	\$ 138,102.17 15,500.98	\$ 30,878.00 1,450.00	\$ 31,019.83 549.02	
Total Interlocal Municipal Service Agreements	\$ 217,500.00	\$ 217,500.00	\$ 153,603.15	\$ 32,328.00	\$ 31,568.85	
Public and Private Programs Offset by Revenues: Municipal Alliance Program (P.L. 1989, C. 51): Alcoholism and Drug Abuse Program Municipal Alliance Program: Matching Funds N.J.D.E.P.E. - Office of Recycling: Clean Communities Act (N.J.S.A. 13:1E-99.2) Over the Limit Under Arrest 2011 Year End Crackdown Grant Salaries and Wages Green Communities Grant County of Middlesex - Older Americans Act - Physical Grant Violence Against Women Act Grant Prosecutor's Response to Community Concerns Grant Port Authority First Responder Grant Alcohol Education and Rehabilitation Body Armor Replacement Fund NJ Recycling Tonnage Grant County of Middlesex: Residential Office on Aging Grant - Salaries and Wages Bullet Proof Vest Grant Prosecutor's County Law Enforcement Trust Matching Funds for Grants	\$ 15,137.00 3,800.00 2,278.00 1,055.73 3,023.10 24,557.70 2,900.00 14,900.00 2,550.00 1,200.00 71,401.53 2,229,531.53	\$ 15,137.00 3,800.00 2,278.00 22,651.29 4,400.00 3,000.00 2,278.00 60,000.00 5,000.00 5,000.00 1,055.73 3,023.10 24,557.70 4,000.00 14,900.00 2,550.00 6,000.00 1,200.00 178,552.82 2,336,682.82	\$ 15,137.00 3,800.00 2,278.00 22,651.29 4,400.00 3,000.00 2,278.00 60,000.00 5,000.00 5,000.00 1,055.73 3,023.10 24,557.70 4,000.00 14,900.00 2,550.00 6,000.00 1,200.00 177,352.82 2,171,585.18	\$ 132,328.00 132,328.00	\$ 1,200.00 1,200.00 32,769.64	
Total Public and Private Programs Offset by Revenues	\$ 71,401.53	\$ 178,552.82	\$ 177,352.82		\$ 1,200.00	
Total Operations - Excluded from "CAPS"	\$ 2,229,531.53	\$ 2,336,682.82	\$ 2,171,585.18	\$ 132,328.00	\$ 32,769.64	
Detail: Salaries and Wages Other Expenses	\$ 93,000.00 2,136,531.53	\$ 93,000.00 2,243,682.82	\$ 93,000.00 2,078,585.18	\$ 132,328.00	\$ 32,769.64	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u> Capital Improvement Fund	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00			
Total Capital Improvements Excluded from "CAPS"	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u> Payment of Bond Principal	\$ 960,000.00	\$ 960,000.00	\$ 960,000.00			
Payment of Bond Anticipation Notes and Capital Notes	120,000.00	120,000.00	120,000.00			
Interest on Bonds	363,960.00	363,960.00	363,959.02			\$ 0.98
Interest on Notes	138,270.00	138,270.00	137,887.85			382.15
NJ DEP - Wastewater Trust - Principal - Federal	20,673.00	20,673.00	20,672.50			0.50
NJ DEP - Wastewater Trust - Interest - State	14,132.00	14,132.00	11,144.46			2,987.54
NJ DEP - Wastewater Trust - Principal - State	20,000.00	20,000.00	20,000.00			
Total Municipal Debt Service - Excluded from "CAPS"	\$ 1,637,035.00	\$ 1,637,035.00	\$ 1,633,563.83			\$ 3,371.17
<u>DEFERRED CHARGES:</u> Emergency Authorizations	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00			
Total Deferred Charges - Excluded from "CAPS"	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 3,976,566.53	\$ 4,083,717.82	\$ 3,915,249.01	\$ 132,328.00	\$ 32,769.64	\$ 3,371.17
Total General Appropriations - Excluded from "CAPS"	\$ 3,976,566.53	\$ 4,083,717.82	\$ 3,915,249.01	\$ 132,328.00	\$ 32,769.64	\$ 3,371.17
Subtotal General Appropriations	\$ 15,395,459.53	\$ 15,502,610.82	\$ 14,401,623.79	\$ 387,350.43	\$ 710,265.43	\$ 3,371.17
<u>RESERVE FOR UNCOLLECTED TAXES</u> 750,790.97	750,790.97	750,790.97	750,790.97			
Total General Appropriations	\$ 16,146,250.50	\$ 16,253,401.79	\$ 15,152,414.76	\$ 387,350.43	\$ 710,265.43	\$ 3,371.17
<u>Detail:</u> Budget as Adopted	\$ 16,146,250.50					
Added by NJSA 40A-4-87		107,151.29				
		\$ 16,253,401.79				

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2010	2011 Levy	Added Taxes	Collections 2010	Collections 2011	Tax Over- Payments Applied	Due From State of New Jersey Chap. 20, P.L. 1971	Transferred to Tax Title Liens Receivable	Remitted and Canceled	Balance December 31, 2011
2010	\$ 669,440.05		\$ 7,252.05	\$ 670,940.76			\$ 5,526.77	\$ 224.57		
2011		\$ 28,202,908.07		\$ 83,288.22	27,252,526.38	\$ 12,062.94	\$ 174,750.00		\$ 66,545.59	\$ 613,734.94
	\$ 669,440.05	\$ 28,202,908.07	\$ 7,252.05	\$ 83,288.22	\$ 27,923,467.14	\$ 12,062.94	\$ 174,750.00	\$ 5,526.77	\$ 66,770.16	\$ 613,734.94

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS
OF PROPERTY TAX LEVY

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax		\$ 28,181,520.88
Added Taxes (54:63.1 et. seq.)		17,575.45
6% Penalty on Tax		<u>3,811.74</u>
		<u>\$ 28,202,908.07</u>

TAX LEVY

Local District School Tax:		
Levy, School Year July 1, 2011 to June 30, 2012		\$ 14,538,482.00
County Taxes:		
County Tax	\$ 4,773,986.75	
County Open Space Preservation Tax	467,604.26	
County Added and Omitted Taxes (54:4-63.1 & 12 et. seq.)	<u>3,272.00</u>	
Total County Taxes		<u>5,244,863.01</u>
		\$ 19,783,345.01
Local Tax for Municipal Purpose	\$ 7,880,239.14	
Local Tax for Library Purpose	520,894.17	
Add: Additional Tax Levied	<u>18,429.75</u>	
Total Tax for Municipal Purpose		<u>8,419,563.06</u>
		<u>\$ 28,202,908.07</u>

DETAIL OF PRIOR YEAR ADDED TAXES

Senior Citizens' Deductions Disallowed		<u>\$ 7,252.05</u>
		<u>\$ 7,252.05</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 132,592.22
<u>INCREASED BY</u>		
Interest and Costs Accrued to Liens	\$ 13,359.68	
Transferred from Taxes Receivable	<u>5,526.77</u>	<u>18,886.45</u>
		\$ 151,478.67
<u>DECREASED BY</u>		
Cash Receipts:		
Delinquent Taxes	\$ 1,174.44	
Interest and Cost	<u>690.40</u>	<u>1,864.84</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u>\$ 149,613.83</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance	Balance	Paid or	Balance
	December 31, 2010	After	Charged	Lapsed
	<u>Appropriation</u>	<u>Transfers</u>	<u>Encumbrances</u>	<u>Reserves</u>
	Reserves	Reserve for	Reserve for	Reserve for
	Encumbrances	Encumbrances	Encumbrances	Encumbrances
Salaries and Wages:				
Operations - Within "CAPS":				
General Administration	\$ 54.12	\$ 54.12		\$ 54.12
Mayor and Council	914.04	914.04		914.04
Borough Clerk	853.88	853.88		853.88
Elections	736.69	736.69		736.69
Financial Administration	1,309.61	1,309.61		1,309.61
Collection of Taxes	911.66	911.66		911.66
Assessment of Taxes	1,181.22	1,181.22		1,181.22
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):				
Planning Board	5.00	5.00		5.00
Board of Adjustment	5.96	5.96		5.96
Police	5,171.79	5,171.79		5,171.79
Special Police	10,450.00	10,450.00		10,450.00
School Guards	12.23	12.23		12.23
Police Dispatch/911	663.60	663.60		663.60
Office of Emergency Management	110.10	110.10		110.10
Code Enforcement	110.73	110.73		110.73
Municipal Court	7,541.62	7,541.62		7,541.62
Public Defender (P.L. 1997, C. 256)	250.00	250.00		250.00
Road Repairs and Maintenance	35,451.03	35,451.03		35,451.03
Garbage and Trash Removal	14,849.45	14,849.45		14,849.45
Vehicle Maintenance	9,551.77	9,551.77		9,551.77
Board of Health	351.45	351.45		351.45
Office on Aging	16,646.40	16,646.40		16,646.40
Board of Recreation Commissioners	41,052.71	41,052.71		41,052.71
Maintenance of Parks	41,098.31	41,098.31		41,098.31
Sewer Department	4,266.37	4,266.37		4,266.37
Uniform Construction Code - Appropriations				
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	3,629.85	3,629.85		3,629.85
Total Salaries and Wages	\$ 197,179.59	\$ 197,179.59		\$ 197,179.59

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Appropriation Reserves	Balance December 31, 2010 Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:					
Operations - Within "CAPS":					
General Administration:					
Other Expenses	\$ 1,949.05	\$ 872.16	\$ 2,821.21	\$ 872.16	\$ 1,949.05
Cable Television	2,380.27		2,380.27		2,380.27
Human Resources	33,739.85	3,428.00	37,167.85	5,287.92	31,879.93
Mayor and Council	2,870.65	665.00	3,535.65	665.00	2,870.65
Borough Clerk:					
Other Expenses	6,984.89	1,702.24	8,687.13	1,836.41	6,850.72
Codification of Ordinances	500.00		500.00	500.00	
Elections	1,632.10		1,632.10		1,632.10
Financial Administration	10,922.80	3,758.40	14,681.20	8,258.40	6,422.80
Audit Services	1,500.00	29,500.00	31,000.00	30,675.00	325.00
Collection of Taxes	4,478.46	1,545.44	6,023.90	1,243.04	4,780.86
Assessment of Taxes	1,292.93	2,588.00	3,880.93	3,302.40	578.53
Legal Services	11,226.66	7,174.50	18,401.16	7,174.50	11,226.66
Engineering Services and Costs	1,829.50	2,748.50	4,578.00	2,748.50	1,829.50
Economic Development Commission	374.34		374.34	370.00	4.34
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):-					
Planning Board	5,406.68	942.56	6,349.24	1,342.56	5,006.68
Board of Adjustment	1,548.02	482.56	2,030.58	482.56	1,548.02
Insurance:					
Liability Insurance	22,138.29	2,966.22	25,104.51	2,966.22	22,138.29
Workers' Compensation	1,138.00		1,138.00		1,138.00
Group Health Benefits	34,798.23	17,061.60	51,859.83	17,061.60	34,798.23
Police	79.08	18,451.19	18,530.27	18,434.89	95.38
Special Police	3,040.00		3,040.00		3,040.00
School Guards	2,456.48	194.99	2,651.47	194.99	2,456.48
Juvenile Conference Committee	4,809.29		4,809.29		4,809.29
Police Dispatch - 911	315.09	217.55	532.64	217.55	315.09
Office of Emergency Management	12.28	1,207.53	1,219.81	1,207.53	12.28
Aid to Volunteer Fire Companies					
Other Expenses	21.74	935.19	956.93	935.19	21.74
Clothing Allowance	6,505.00		6,505.00		6,505.00

**BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Appropriation Reserves	Balance December 31, 2010 Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Emergency Medical Services	\$ 1,221.91	\$ 8,956.97	\$ 10,178.88	\$ 8,956.97	\$ 1,221.91
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383)	66.43		66.43		66.43
Code Enforcement	3,412.57	169.00	3,581.57	169.00	3,412.57
Municipal Prosecutor	111.96	1,240.67	1,352.63	1,240.67	111.96
Municipal Court	2,569.13	973.63	3,542.76	985.33	2,557.43
Road Repairs and Maintenance	12,114.11	20,347.00	32,461.11	18,876.78	13,584.33
Garbage and Trash Removal	1,433.68	643.98	2,077.66	619.53	1,458.13
Public Buildings and Grounds	5,189.55	12,429.55	17,619.10	11,225.98	6,393.12
Vehicle Maintenance:					
Other Expenses	5,827.71	34,701.42	40,529.13	33,357.36	7,171.77
Lease/Purchase of a Police Car(s)	35,316.43		35,316.43		35,316.43
Office on Aging	7,085.31	1,039.34	8,124.65	1,472.72	6,651.93
Environmental Commission (N.J.S.A. 56A-1 et seq.)	1,120.78		1,120.78		1,120.78
Board of Recreation Commissioners	9,879.56		9,879.56		9,879.56
Celebration of Public Events, Anniversary or Holiday:					
Senior Events	846.94	306.00	1,152.94	566.82	586.12
Holiday Lighting	252.03	143.02	395.05	143.02	252.03
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.)	1,800.00		1,800.00		1,800.00
Maintenance of Parks	15,569.34	5,566.00	21,135.34	6,209.21	14,926.13
Telephone	1,731.70	2,133.36	3,865.06	2,133.36	1,731.70
Heat	9,051.12	6,239.60	15,290.72	6,239.60	9,051.12
Gasoline, Lubricants and Oil	11,648.37	7,764.29	19,412.66	7,764.29	11,648.37
Office Supplies	4.01	1,787.99	1,792.00	1,787.99	4.01
Postage	1,272.75		1,272.75		1,272.75
Sewer Department	2,103.59	1,178.05	3,281.64	1,178.05	2,103.59
Computer Maintenance Service Contract	800.00	1,212.75	2,012.75	1,071.50	941.25
Sanitary Landfill - Contractual		37,827.02	70,986.60	37,827.02	33,159.58
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	273.70	519.00	792.70	475.00	317.70
Contingent	2,500.00		2,500.00		2,500.00

**BOROUGH OF SOUTH RIVER
 CURRENT FUND
 STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance	Balance	Paid or	Balance
	December 31, 2010	After	Charged	Lapsed
	Appropriation Reserves	Reserve for Encumbrances	Transfers	
Other Expenses (Continued):				
Operations - Within "CAPS" (Continued):				
Deferred Charges And Statutory Expenditures - Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	\$ 22,386.26	\$ 22,386.26		\$ 22,386.26
Consolidated Police and Firemen's Pension Fund	0.56	0.56		0.56
Defined Contribution Retirement Plan	640.27	640.27		640.27
Operations - Excluded from "CAPS":				
Other Operations - Excluded from "CAPS":				
Sanitation:				
County Sewerage Authority Contract	0.78	0.78		0.78
Maintenance of Free Public Library	35,073.37	35,073.37	\$ 35,073.37	
Length of Service Award Program (LOSAP)	\$ 125,000.00	125,000.00	74,886.93	50,113.07
Insurance:				
Group Health Benefits	97,480.00	97,480.00		97,480.00
Interlocal Municipal Service Agreements:				
Middlesex County Improvement Authority:				
Recycling	47,833.70	74,628.35	25,522.88	49,105.47
East Brunswick - Radio Safety Communication System	278.16	278.16		278.16
Public and Private Programs Offset by Revenues:				
Matching Funds for Grants	1,200.00	1,200.00		1,200.00
Total Other Expenses	\$ 535,205.04	\$ 393,414.92	\$ 383,559.80	\$ 545,060.16
Grand Total	\$ 732,384.63	\$ 393,414.92	\$ 383,559.80	\$ 742,239.75

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF LOCAL DISTRICT SCHOOL TAX

BALANCE, DECEMBER 31, 2010

Payable	\$ 252,734.00	
Deferred School Taxes	<u>6,309,686.00</u>	\$ 6,562,420.00

INCREASED BY

Levy, School Year July 1, 2011 to June 30, 2012		<u>14,538,482.00</u>
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\$ 21,100,902.00

DECREASED BY

Cash Disbursed		<u>14,333,393.00</u>
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BALANCE, DECEMBER 31, 2011

Payable	\$ 457,823.00	
Deferred School Taxes	<u>6,309,686.00</u>	<u>\$ 6,767,509.00</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF DEFERRED CHARGES

<u>Date</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance December 31, 2010</u>	<u>2011 Budget Appropriation</u>
08/23/10	\$ 35,000.00	N/A	\$ 35,000.00	\$ 35,000.00
			\$ 35,000.00	\$ 35,000.00

**BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, 2010	2011 Budget Revenue Realized	Cash Received	Decreased by Transfer from Unappropriated Reserve	Canceled	Balance December 31, 2011
Federal:						
County of Middlesex:						
Office on Aging Grant:						
HCD:						
2011		\$ 14,900.00	\$ 9,169.28			\$ 5,730.72
Physical:						
2011		2,278.00	1,599.00			679.00
2010			3,423.00			
Residential Maintenance:						
2011		4,000.00				4,000.00
2010	2,900.00		2,888.00		\$ 12.00	
Edward Byrne Memorial Assistance Grant	415.80		415.80			
Violence Against Women Act Grant:						
2011		60,000.00				60,000.00
2010	32,129.00		32,129.00			
Prosecutor's Law Enforcement Grant	11,000.00		12,000.00		5,000.00	5,000.00
	\$ 49,867.80	\$ 92,178.00	\$ 61,624.08		\$ 5,012.00	\$ 75,409.72
State:						
Alcohol Education and Rehabilitation Program		\$ 1,055.73		\$ 1,055.73		
Municipal Alliance on Alcoholism and Drug Abuse:						
2011		15,137.00				\$ 15,137.00
2010	\$ 10,492.29		\$ 9,702.56		\$ 789.73	
Clean Communities Program		22,651.29	22,651.29			
Body Armor Replacement Fund		3,023.10		3,023.10		
NJDL&PS - Division of Highway Traffic Safety Grant		4,400.00	3,250.00			1,150.00
Green Communities Grant		3,000.00				3,000.00
Recycling Tonnage Grant		24,557.70	24,557.70			
Port Authority First Responder Grant		5,000.00	5,000.00			
Bulletproof Vest Partnership	2,449.10					4,999.10
	\$ 12,941.39	\$ 81,374.82	\$ 65,161.55	\$ 4,078.83	\$ 789.73	\$ 24,286.10
	\$ 62,809.19	\$ 173,552.82	\$ 126,785.63	\$ 4,078.83	\$ 5,801.73	\$ 99,695.82
Detail:						
Adopted Budget		\$ 66,401.53				
Added by NJSA 40A:4-87		107,151.29				
		\$ 173,552.82				

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

	Balance December 31, 2010	Transferred from 2011 Budget		Paid or Charged Reserve for Encumbrances/ (Canceled)	Canceled	Refunded to Grantor	Balance December 31, 2011
		Budget	Appropriation by 40A:4-87				
Federal:							
Passed Through County of Middlesex: Office on Aging:							
HCD:							
2011		\$ 14,900.00	\$ 14,900.00				
Physical:							
2010	\$ 423.00		423.00				
2011		2,278.00	1,599.00				
Residential Maintenance:							
2010	12.00				\$ 12.00		\$ 679.00
2011		2,900.00	\$ 1,100.00				
Prosecutor's Law Enforcement Grant	5,000.00	11,000.00	4,000.00		5,000.00		
Violence Against Women Act Grant							
2010	32,129.00		32,129.00				
2011	415.80	60,000.00	25,372.00	\$ 34,628.00			
Edward Byrne Memorial Assistance Grant			415.80				
	\$ 37,979.80	\$ 20,078.00	\$ 72,100.00	\$ 34,628.00	\$ 5,012.00		\$ 679.00
State:							
Municipal Alliance on Alcoholism and Drug Abuse:							
Grant Portion:							
2010	\$ 5,463.63		\$ 4,673.90		\$ 789.73		\$ 9,134.18
2011		\$ 15,137.00	6,002.82				
Matching Portion:							
2010	15.75				15.75		
2011		3,800.00	3,800.00				
Drunk Driving Enforcement Fund:							
2006	1,929.18		1,929.18				2,867.69
2007	2,972.51		104.82				4,959.97
2008	4,959.97						3,708.47
2009	3,708.47						7,353.05
2010	7,353.05						
Clean Communities Program:							
2008	13,785.59		13,156.54	\$ (189.72)			818.77
2009	9,097.31						9,097.31
2010	19,887.04						19,887.04
2011		\$ 22,651.29					22,651.29
Clean Communities - Reserved	5,399.94						5,399.94

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

	Balance December 31, 2010	Transferred from 2011 Budget		Paid or Charged		Balance December 31, 2011
		Budget	Appropriation by 40A:4-87	Cash Disbursed	Reserve for Encumbrances/ (Canceled)	
State (Continued):						
Body Armor Replacement Fund Over the Limit, Under Arrest 2011	\$ 10,138.04	\$ 3,023.10	\$	\$ 3,071.25		\$ 10,089.89
Year End Crackdown Grant		\$	4,400.00	3,250.00		1,150.00
Port Authority First Responder Grant			5,000.00	1,683.75	3,071.65	244.60
Green Communities Grant			3,000.00			3,000.00
Recycling Tonnage Grant:						
2010	17,767.37			1,389.50		16,377.87
2011		24,557.70				24,557.70
Alcohol Education and Rehabilitation Program:						
2000	1,106.93					1,106.93
2001	749.74					749.74
2002	57.03					57.03
2003	868.20					868.20
2006	567.83					567.83
2007	1,465.89					1,465.89
2008	1,392.18					1,392.18
2010	788.96					788.96
2011		1,055.73				1,055.73
Bullet-Proof Vest Grant:						
1999	1,163.24			1,163.24		3,907.22
2001	5,815.23			1,908.01		611.35
2006	611.35					2,550.00
2011		2,550.00				
	\$ 117,064.43	\$ 50,123.53	\$ 35,051.29	\$ 42,133.01	\$ 2,881.93	\$ 156,418.83
				805.48		
County:						
Open Space Trust Fund - Varga Park	\$ 497,524.00					\$ 497,524.00
	\$ 497,524.00					\$ 497,524.00
	\$ 652,568.23	\$ 70,201.53	\$ 107,151.29	\$ 131,971.81	\$ 37,509.93	\$ 157,097.83
				5,817.48		

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES

	Balance December 31, 2010	Transferred to 2011 Budget Appropriations	Received	Balance December 31, 2011
	<u>Budget</u>			
State:				
Recycling Tonnage Grant	\$ 1,055.73	\$ 1,055.73	\$ 11,060.79	\$ 11,060.79
Municipal Alcohol Education and Rehabilitation	3,023.10	3,023.10	3,141.43	3,141.43
Body Armor Replacement Fund	<u>4,078.83</u>	<u>4,078.83</u>	<u>14,202.22</u>	<u>14,202.22</u>
	<u>\$ 4,078.83</u>	<u>\$ 4,078.83</u>	<u>\$ 14,202.22</u>	<u>\$ 14,202.22</u>

TRUST AND AGENCY FUNDS

BOROUGH OF SOUTH RIVER
 TRUST AND AGENCY FUNDS
 COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
 STATUTORY BASIS
 AS OF DECEMBER 31, 2011 AND 2010

	Payroll Fund		Animal Control		Trust Other Fund #1		Trust Other Fund #2		Tax Title Lien Premium	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
ASSETS										
Cash and Cash Equivalents	\$ 7,922.27	\$ 61,443.84	\$ 12,068.70	\$ 1,830.10	\$ 812,366.72	\$ 775,116.86	\$ 552,379.44	\$ 561,176.49	\$ 86,206.81	\$ 49,400.00
Due from Municipal Court							536.50	439.00		
Due from Vendor							44,111.73			
Total Assets	\$ 7,922.27	\$ 61,443.84	\$ 12,068.70	\$ 1,830.10	\$ 812,366.72	\$ 775,116.86	\$ 597,027.67	\$ 561,615.49	\$ 86,206.81	\$ 49,400.00
LIABILITIES, RESERVES AND FUND BALANCE										
Due to Vendor	\$ 7,922.27	\$ 61,443.84					\$ 4,083.22			
Payroll Deductions Payable			\$ 7.80	\$ 22.20						
Due to State of New Jersey Reserves			12,060.90	1,807.90	\$ 775,767.11	\$ 688,517.25	522,158.81	490,829.85	\$ 86,206.81	\$ 49,400.00
Fund Balance	\$ 7,922.27	\$ 61,443.84	\$ 12,068.70	\$ 1,830.10	\$ 775,767.11	\$ 688,517.25	\$ 526,242.03	\$ 490,829.85	\$ 86,206.81	\$ 49,400.00
					36,599.61	86,599.61	70,785.64			
Total Liabilities, Reserves and Fund Balance	\$ 7,922.27	\$ 61,443.84	\$ 12,068.70	\$ 1,830.10	\$ 812,366.72	\$ 775,116.86	\$ 597,027.67	\$ 561,615.49	\$ 86,206.81	\$ 49,400.00

BOROUGH OF SOUTH RIVER
 TRUST AND AGENCY FUNDS
 COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
 STATUTORY BASIS
 AS OF DECEMBER 31, 2011 AND 2010

	Law Enforcement	Electric Consumer Deposits	Unemployment	Totals (Memorandum Only)
	2011	2011	2011	2011
	2010	2010	2010	2010
ASSETS				
Cash and Cash Equivalents	\$ 16,282.86	\$ 11,163.46	\$ 66,140.42	\$ 2,347,569.07
Due from Municipal Court				\$ 2,315,783.21
Due from Vendor				439.00
Total Assets	<u>\$ 16,282.86</u>	<u>\$ 11,163.46</u>	<u>\$ 66,140.42</u>	<u>\$ 2,392,217.30</u>
LIABILITIES, RESERVES AND FUND BALANCE				
Due to Vendor				\$ 4,083.22
Payroll Deductions Payable				7,922.27
Due to State of New Jersey Reserves	\$ 16,282.86	\$ 11,163.46	\$ 66,140.42	\$ 61,443.84
				22.20
				7.80
				2,272,818.76
				2,097,370.92
Fund Balance				\$ 2,284,832.05
				157,385.25
Total Liabilities, Reserves and Fund Balance	<u>\$ 16,282.86</u>	<u>\$ 11,163.46</u>	<u>\$ 66,140.42</u>	<u>\$ 2,392,217.30</u>
				<u>\$ 2,316,222.21</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES - TRUST FUND #1

	Balance December 31, 2010	Increased by	Decreased by	Balance December 31, 2011
Reserve for:				
Deposits and Performance Bonds	\$ 107,433.22	\$ 102,132.54	\$ 21,752.00	\$ 187,813.76
Engineering Inspection Fees	22,897.87	27,351.52	22,596.96	27,652.43
Street Opening Deposits	11,467.00	3,000.00		14,467.00
Developer's Escrow	141,152.40	97,868.05	100,848.69	138,171.76
Dumpster Permits	800.00	1,000.00	1,200.00	600.00
Affordable Housing	404,379.32	2,682.84		407,062.16
Reserve Account	387.44	437.56	825.00	
	<u>\$ 688,517.25</u>	<u>\$ 234,472.51</u>	<u>\$ 147,222.65</u>	<u>\$ 775,767.11</u>

**BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES**

	<u>Balance</u> December 31, 2010	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance</u> December 31, 2011
Reserve for:				
ABC License - Buy Back	\$ 88,607.00	\$ 4,000.00		\$ 92,607.00
Recreation Commission (Per N.J.S.A. 40A:4-39)	45,731.87	39,289.36	\$ 35,910.32	49,110.91
Recreation Commission - Recycling (Per N.J.S.A. 40A:4-39)	476.83			476.83
Water Front Development	3,000.00	562.00		3,000.00
Parking Offenses Adjudication Act (Per N.J.S.A. 40:4-39)	6,582.00			7,144.00
Shade Tree	2,259.55		990.00	1,269.55
Senior Program	15,248.19	3,028.00	5,060.00	13,216.19
Older Americans Act - Donations	1,031.81	695.72	436.63	1,290.90
Senior Program - Trips	19,053.86	14,595.00	9,494.82	24,154.04
Off Duty Police Services	75.00	200,446.75	200,451.75	70.00
Fire Prevention - Code Deposit	100,206.37	92,334.18	28,012.71	164,527.84
Fire Prevention - Fire Lane Deposit	2,815.00	1,400.00		4,215.00
Fire Department - Code Deposit	50,361.09	11,975.00	39,309.67	23,026.42
Municipal Alliance Donations	2,487.16	16,376.56	7,802.54	11,061.18
Public Defender Fees	35,740.69	12,126.50	6,524.84	41,342.35
Cultural Arts Commission	6,525.84	1,975.00	859.00	7,641.84
Special Events	1,891.78	2,483.34	2,345.00	2,030.12
September 11, 2001 Memorial	6,895.72	450.00	1,705.00	5,640.72
Board of Health Donations	18,035.23	26,273.63	24,220.42	20,088.44
Accumulated Absences	82,382.20	52,500.00	84,656.68	50,225.52
Miscellaneous Reserves	1,422.66	25,199.16	26,601.86	19.96
	<u>\$ 490,829.85</u>	<u>\$ 505,710.20</u>	<u>\$ 474,381.24</u>	<u>\$ 522,158.81</u>

BOROUGH OF SOUTH RIVER
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

<u>BALANCE, DECEMBER 31, 2010</u>		\$	1,807.90
 <u>INCREASED BY</u>			
Dog License Fees - Borough Share	\$	10,254.00	
Cat License Fees - Borough Share		395.00	
Late Fees and Other Charges		<u>3,271.00</u>	<u>13,920.00</u>
			\$ 15,727.90
 <u>DECREASED BY</u>			
Expenditures			<u>3,667.00</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 \$	 <u><u>12,060.90</u></u>

BOROUGH LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2009	\$ 7,515.00
2010	<u>8,351.60</u>
	 \$ <u><u>15,866.60</u></u>

AUDITOR'S NOTE:

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

**BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

	Balance December 31, 2010	Increased by	Decreased by	Balance December 31, 2011
		Borough's Share	Payroll Deductions	Disbursements
Federal Withholding Tax		\$ 1,095,689.71		\$ 1,095,689.71
FICA and Medicare		326,949.45		753,165.92
State of New Jersey Withholding Tax		267,418.12		267,418.12
Public Employees Retirement System	\$ 20,288.94	249,719.22		270,008.16
PERS Back Deduction		1,392.83		1,392.83
PERS Loan	5,212.32	58,198.22		63,410.54
PERS Contributory Group Insurance	1,828.24	21,623.47		23,451.71
PERS Back Contributory Group Insurance		164.66		164.66
PERS Arrears		783.76		783.76
Police and Firemen's Retirement System	21,298.44	267,478.70		288,612.09
PFRS Loan	12,786.80	148,092.09		160,878.89
D.C.R.P. Investment	29.10			29.10
State Unemployment Tax		18,484.29		18,484.29
Christmas Club		46,010.00		46,010.00
Superior Officer Association Dues		6,060.00		6,060.00
Police Benevolent Association Dues		16,560.00		16,560.00
I.B.E.W.		5,551.00		5,551.00
IUJUT Dues		10,080.00		10,080.00
Garnishment		39,119.61		39,119.61
Employee Health Benefit Contribution		99,261.66		91,504.44
Disability		31,254.01		31,254.01
Dental		54,697.10		54,697.10
Deferred Compensation		42,960.00		42,960.00
	<u>\$ 61,443.84</u>	<u>\$ 426,216.47</u>	<u>\$ 2,807,547.90</u>	<u>\$ 7,922.27</u>
			<u>\$ 3,287,285.94</u>	<u>\$ 7,922.27</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 114,954.69
<u>INCREASED BY</u>		
Employees Contribution	\$ 26,000.00	
Interest Earned	<u>357.57</u>	<u>26,357.57</u>
		\$ 141,312.26
<u>DECREASED BY</u>		
Unemployment Compensation Paid		<u>75,171.84</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u>\$ 66,140.42</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR
ELECTRIC UTILITY CONSUMER DEPOSITS

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 740,697.77
<u>INCREASED BY</u>		
Deposits	\$ 148,445.00	
Interest Earned	2,548.67	
Cancelation of Outstanding Checks	<u>1,392.20</u>	<u>152,385.87</u>
		\$ 893,083.64
<u>DECREASED BY</u>		
Refunded		<u>98,881.79</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u>\$ 794,201.85</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
LAW ENFORCEMENT TRUST FUND
STATEMENT OF RESERVE

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 11,163.46
<u>INCREASED BY</u>	
Funds Received	<u>5,119.40</u>
<u>BALANCE, DECEMBER 31, 2011</u>	\$ <u>16,282.86</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR
TAX TITLE LIEN PREMIUM/REDEMPTION

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 49,400.00
<u>INCREASED BY</u>	
Cash Received	<u>57,806.81</u>
	\$ 107,206.81
<u>DECREASED BY</u>	
Refunded	<u>21,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 86,206.81</u>

GENERAL CAPITAL FUND

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>5,132,729.11</u>	\$ <u>6,717,286.06</u>
Intergovernmental Accounts Receivable	\$ <u>626,850.33</u>	\$ <u>2,000,247.08</u>
Deferred Charges to Future Taxation:		
Funded	\$ 9,339,941.64	\$ 11,155,161.23
Unfunded	<u>11,106,161.23</u>	<u>10,340,614.14</u>
	\$ <u>20,446,102.87</u>	\$ <u>21,495,775.37</u>
 Total Assets	 \$ <u><u>26,205,682.31</u></u>	 \$ <u><u>30,213,308.51</u></u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>	Balance December 31, <u>2011</u>	Balance December 31, <u>2010</u>
Serial Bonds	\$ <u>8,915,000.00</u>	\$ <u>9,875,000.00</u>
Bond Anticipation Notes	\$ <u>9,669,000.00</u>	\$ <u>9,218,000.00</u>
Loans Payable	\$ <u>424,941.64</u>	\$ <u>465,614.14</u>
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 274,946.33	\$ 203,946.33
Reserve for Encumbrances	2,818,759.94	2,280,985.51
Reserve for Fire Hoses, Appropriated	<u>13,580.25</u>	<u>13,580.25</u>
	\$ <u>3,107,286.52</u>	\$ <u>2,498,512.09</u>
Reserve for Grants Receivable	\$ <u>160,661.23</u>	\$ <u>1,785,661.23</u>
Improvement Authorizations:		
Funded	\$ 429,193.93	\$ 118,217.46
Unfunded	<u>3,106,557.23</u>	<u>5,851,040.60</u>
	\$ <u>3,535,751.16</u>	\$ <u>5,969,258.06</u>
Fund Balance	\$ <u>393,041.76</u>	\$ <u>401,262.99</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>26,205,682.31</u></u>	\$ <u><u>30,213,308.51</u></u>

There were Bonds and Notes Authorized but not Issued of \$1,437,161.23 at December 31, 2011.

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2010	Receipts			Disbursements			Balance December 31, 2011
		Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfer From	To	
Fund Balance	\$ 401,262.99	\$	\$ 61,778.77	\$	\$ 70,000.00	\$	\$ 393,041.76	
Capital Improvement Fund	203,946.33		75,000.00			4,000.00	274,946.33	
Reserve for Encumbrances	2,280,985.51				2,165,954.60	471,893.80	2,816,759.94	
Due from County of Middlesex HCD	(214,585.85)		148,396.75				(66,189.10)	
Due from NJDOT			19,509.42			400,000.00	(400,000.00)	
Due to/(from) Current Fund	13,580.25						13,580.25	
Reserve for Fire Hoses, Appropriated								

Improvement Authorizations:

Ordinance Number	Description	Balance December 31, 2010	Receipts	Disbursements	Balance December 31, 2011
00-23	Renovation to Police and Municipal Court Building	11,114.17		8,750.00	2,364.17
01-24/03-13	Renovations to the Gordon Street Administration Building	15,000.00			15,000.00
07-23	Acquisition of Firefighting Equipment	7,725.22		427.25	6,787.34
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St	7,689.59		12.95	7,660.69
08-19	Planning, Site acquisition and Construction of Municipal Facilities	3,493,239.83		36,378.91	1,270,896.53
08-25/08-46	Acquisition various Equipment Road and Drainage Improvements and various other Improvements - 2008	166,889.42		1,068.25	166,923.57

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Description	Balance December 31, 2010	Receipts			Disbursements			Balance December 31, 2011
			Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfer From	To	
	Improvement Authorizations (Continued):								
08-50/09-39/ 11-32	Acquisition of various Equipment, Road Improvements and various Other Improvements	\$ 24,212.56	\$ 250,000.00		\$ 767.28		\$ 237,322.12		\$ 36,123.16
09-31/09-54	Removal and Replacement of Emergency Generators	29,103.60					8,810.79	\$ 34,650.09	54,942.90
09-32	Various Federal Housing and Community Development Grant Improvements	18,869.50		22,066.00			321.50	4,000.00	482.00
09-40	Various Federal Housing and Community Development Grant Improvements	22,130.19					19,250.00		2,880.19
10-09/11-26	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	212,122.75	250,000.00		143,179.85		630,410.84	421,472.65	110,004.71
10-31	Various Federal Housing and Community Development Grant Improvements	22,000.00		341.00			15,856.00	15,771.05	21,574.06
11-10	Improvements to Kamm Avenue Section I		71,000.00	450.00			71,599.39	404,000.00	492,950.61
		\$ 6,717,286.06	\$ 571,000.00	\$ 304,684.94	\$ 204,777.87	\$ 2,255,464.02	\$ 4,055,516.63	\$ 4,055,516.63	\$ 5,132,729.11

Bracketed Amount Denotes Deficit.

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Ordinance Number	Description	Balance December 31, 2010	Granted/ Adjusted	Cancellation	Cash Receipts	Balance December 31, 2011
County of Middlesex:						
HCD Funds:						
08-31	Park Improvements	\$ 961.85			\$	961.85
09-19	Purchase and installation of Handicapped Ramps at Whitehead Avenue	24,100.00			\$ 24,100.00	
09-32	Various Improvements	42,524.00			34,787.00	7,737.00
09-40	Various Improvements	80,000.00			61,869.81	18,130.19
10-31	Various Improvements	67,000.00			27,639.94	39,360.06
	Total HCD Funds:	\$ 214,585.85			\$ 148,396.75	\$ 66,189.10
State of New Jersey - Department of Transportation:						
N/A	William Street Reserved	\$ 160,661.23				\$ 160,661.23
N/A	Access Road/Parking Lot Reserved	1,625,000.00		\$ 1,625,000.00		
11-10	Improvements to Kamm Avenue Section I Unreserved		\$ 400,000.00			\$ 400,000.00
	Total NJDOT		\$ 400,000.00	\$ 1,625,000.00		\$ 560,661.23
		\$ 2,000,247.08	\$ 400,000.00	\$ 1,625,000.00	\$ 148,396.75	\$ 626,850.33
Detail:						
	Reserved: NJ DOT	\$ 1,785,661.23		\$ 1,625,000.00		\$ 160,661.23
	Unreserved: Middlesex County HCD NJ DOT	214,585.85	\$ 400,000.00		\$ 148,396.75	66,189.10
		\$ 2,000,247.08	\$ 400,000.00	\$ 1,625,000.00	\$ 148,396.75	\$ 626,850.33

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance December 31, 2010	2011 Authorizations	Decreased By 2011 Budget Appropriation	Balance December 31, 2011	Analysis of Balance December 31, 2011	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
05-41/09-29	Road Improvements to Washington Street	\$ 39,750.00		\$	\$ 39,750.00	\$	39,750.00
06-39/09-30	Reconstruction of Burton Ave Section I	107,250.00			107,250.00	107,250.00	
07-21/08-51	Streets and Roads Milling and Paving	261,000.00		\$ 14,000.00	247,000.00	247,000.00	
07-22/08-49	Drainage Improvements - Paul and Wilcox	304,000.00		16,000.00	288,000.00	288,000.00	
07-23	Acquisition of Firefighting Equipment	95,000.00		11,000.00	84,000.00	84,000.00	
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.	52,000.00		2,000.00	50,000.00	23,000.00	\$ 27,000.00
08-19	Planning, Site acquisition and Construction of Municipal Facilities	4,275,000.00			4,275,000.00	3,600,000.00	675,000.00
08-25/08-46	Acquisition various Equipment Road and Drainage Improvements and various other Improvements - 2008	1,738,000.00		77,000.00	1,661,000.00	1,609,000.00	52,000.00
08-50/09-39/11-32	Acquisition of various Equipment, Road Improvements and various other Improvements	883,500.00			883,500.00	750,000.00	133,500.00
10-09/11-26	Acquisition of various Equipment, Road Improvements and various other Improvements	3,399,661.23			3,399,661.23	2,850,000.00	549,661.23
11-10	Improvements to Kamm Avenue Section I		\$ 71,000.00		71,000.00	71,000.00	
		<u>\$ 11,155,161.23</u>	<u>\$ 71,000.00</u>	<u>\$ 120,000.00</u>	<u>\$ 11,106,161.23</u>	<u>\$ 9,669,000.00</u>	<u>\$ 1,437,161.23</u>
Analysis of Balance:							
Improvement Authorizations, Unfunded							\$ 3,106,557.23
Unexpended Balance of Bond Anticipation Note Proceeds							1,669,396.00
							<u>\$ 1,437,161.23</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF SERIAL BONDS

Purpose	Date of Original Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011		Interest Rate	Balance December 31, 2010	Decreased By	Balance December 31, 2011
			Date	Amount				
General Obligation Bonds Series 2007	12/3/2007	\$ 8,405,000.00	12/1/2012	\$ 400,000.00	4.125%			
			12/1/2013	455,000.00	4.125%			
			12/1/2014	525,000.00	4.125%			
			12/1/2015	675,000.00	4.125%			
			12/1/2016	725,000.00	4.125%			
			12/1/2017-18	750,000.00	4.125%			
			12/1/2019-22	750,000.00	4.250%	\$ 7,655,000.00	\$ 375,000.00	\$ 7,280,000.00
Refunding Bonds - 2010	6/22/2010	2,625,000.00	10/1/2012	570,000.00	2.000%			
			10/1/2013	555,000.00	2.000%			
			10/1/2014	510,000.00	2.000%			
						<u>2,220,000.00</u>	<u>585,000.00</u>	<u>1,635,000.00</u>
						<u>\$ 9,875,000.00</u>	<u>\$ 960,000.00</u>	<u>\$ 8,915,000.00</u>

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2010	Increased By Bond Anticipation Notes Issued	Decreased by Budget Appropriation	Balance December 31, 2011
05-41/09-29	Road Improvements to Washington Street	12/22/2009	12/20/2011	12/19/2012	1.50%	\$ 39,750.00	\$	\$	\$ 39,750.00
06-39/09-30	Reconstruction of Burton Ave Section I	12/22/2009	12/20/2011	12/19/2012	1.50%	107,250.00			107,250.00
07-21/08-51	Streets and Roads - Milling and Paving	12/23/2008	12/20/2011	12/19/2012	1.50%	261,000.00	\$	\$ 14,000.00	247,000.00
07-22/08-49	Drainage Improvements - Paul and Wilcox	12/23/2008	12/20/2011	12/19/2012	1.50%	304,000.00		16,000.00	288,000.00
07-23	Acquisition of Firefighting Equipment	12/23/2008	12/20/2011	12/19/2012	1.50%	95,000.00		11,000.00	84,000.00
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	12/23/2008	12/20/2011	12/19/2012	1.50%	25,000.00		2,000.00	23,000.00
08-19	Planning, Site Acquisition and Construction of Municipal Facilities	12/22/2009	12/20/2011	12/19/2012	1.50%	300,000.00			300,000.00
08-19	Planning, Site Acquisition and Construction of Municipal Facilities	12/21/2010	12/20/2011	12/19/2012	1.50%	3,300,000.00			3,300,000.00
08-25/08-46	Acquisition of Various Equipment, Road Improvements and various other Improvements	12/23/2008	12/20/2011	12/19/2012	1.50%	1,666,000.00		77,000.00	1,609,000.00
08-50/09-39/11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/22/2009	12/20/2011	12/19/2012	1.50%	400,000.00			400,000.00
08-50/09-39/11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/21/2010	12/20/2011	12/19/2012	1.50%	100,000.00			100,000.00
08-50/09-39/11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/20/2011	12/20/2011	12/19/2012	1.50%		\$	\$ 250,000.00	250,000.00
10-09/11-26	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/21/2010	12/20/2011	12/19/2012	1.50%	2,600,000.00			2,600,000.00
10-09/11-26	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/2011	12/20/2011	12/19/2012	1.50%			250,000.00	250,000.00
11-10	Improvements to Kamm Avenue	12/20/2011	12/20/2011	12/19/2012	1.50%			71,000.00	71,000.00
						<u>\$ 9,218,000.00</u>	<u>\$</u>	<u>\$ 120,000.00</u>	<u>\$ 9,669,000.00</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE -
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2011		Interest Rate	Decreased by	Balance December 31, 2011
			Date	Amount			
Sewer System Improvements - State Portion	11/01/00	\$ 430,000.00	08/01/12	\$ 25,000.00	5.00%	\$ 20,000.00	\$ 255,000.00
			08/01/13	25,000.00	5.00%		
			08/01/14	25,000.00	5.00%		
			08/01/15	25,000.00	5.125%		
			08/01/16	30,000.00	5.125%		
			08/01/17	30,000.00	5.250%		
			08/01/18	30,000.00	5.250%		
			08/01/19	30,000.00	5.250%		
			08/01/20	35,000.00	5.250%		
							\$ 275,000.00
Sewer System Improvements - Federal Portion	11/01/00	\$ 425,000.00	02/01/12	\$ 3,976.64	-	\$ 20,672.50	\$ 169,941.64
			08/01/12	19,118.56	-		
			02/01/13	3,598.10	-		
			08/01/13	18,740.01	-		
			02/01/14	3,219.55	-		
			08/01/14	18,361.46	-		
			02/01/15	2,841.00	-		
			08/01/15	17,982.92	-		
			02/01/16	2,452.99	-		
			08/01/16	20,623.29	-		
		02/01/17	1,987.37	-			
		08/01/17	20,157.67	-			
		02/01/18	1,510.40	-			
		08/01/18	19,680.70	-			
		02/01/19	1,033.43	-			
		08/01/19	14,657.55	-			
						\$ 190,614.14	\$ 169,941.64
						\$ 465,614.14	\$ 424,941.64

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2010		2011 Authorizations	Reserve for Encumbrances Cancelled	Paid or Charged	Transfer	Balance December 31, 2011	
				Funded	Unfunded					Funded	Unfunded
00-23	Renovation to Police and Municipal Court Building	07/19/00	\$ 2,250,000.00	\$ 11,114.17			\$ 8,750.00	\$ 2,364.17			
01-24/03-13	Renovations to the Gordon Street Administration Building	07/16/01, 07/07/03	712,500.00	15,000.00				15,000.00			
07-23	Acquisition of Firefighting Equipment	08/27/07	109,000.00	\$ 7,725.22			937.88			\$ 6,787.34	
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Phillip St.	03/10/08	245,000.00	34,689.59			28.90				34,660.69
08-19	Planning, Site Acquisition and Construction of Municipal Facilities	04/26/08	4,500,000.00	4,168,239.83			2,222,343.30				1,945,896.53
08-25/08-46	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	07/14/08, 12/23/08	1,830,000.00	220,889.42			1,565.85				218,923.57
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/23/06, 09/14/09, 10/11/11	1,180,000.00	407,712.56			238,089.40				169,623.16
09-31/09-54	Removal and Replacement of Emergency Generators	07/27/09, 12/28/09	277,000.00	29,103.60			8,810.79			54,942.90	
09-32	Various Federal Housing and Community Development Grant Improvements	07/27/09	95,500.00	18,869.50			22,387.50	\$ 4,000.00		482.00	
09-40	Various Federal Housing and Community Development Grant Improvements	09/29/09	81,900.00	22,130.19			15,250.00	(4,000.00)		2,880.19	
10-09/11-26	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	04/26/10, 08/08/11	3,720,500.00	1,011,783.98			773,590.69				659,665.94
10-31	Various Federal Housing and Community Development Grant Improvements	10/12/10	67,000.00	22,000.00			16,197.00			21,574.06	
11-10	Improvements to Kanm Avenue Section I (NJDOT \$400,000)	04/11/11	475,000.00			\$ 475,000.00	72,049.39			331,950.61	71,000.00
				\$ 119,217.46	\$ 5,651,040.60	\$ 475,000.00	\$ 471,853.80	\$ 3,380,400.70		\$ 429,193.93	\$ 3,106,557.23
Detail of 2011 Authorizations:						\$ 4,000.00					
Capital Improvement Fund						400,000.00					
NJ DOT Grant						71,000.00					
Deferred Charges to Future Taxation, Unfunded											
						\$ 475,000.00					

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 203,946.33
<u>INCREASED BY</u>	
2011 Budget Appropriation	<u>75,000.00</u>
	\$ 278,946.33
<u>DECREASED BY</u>	
Appropriated to Finance Improvement Authorizations	<u>4,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 274,946.33</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2010</u>	<u>2011 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2011</u>
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	\$ 27,000.00			\$ 27,000.00
08-19	Planning, Site Acquisition and Construction of Municipal Facilities	675,000.00			675,000.00
08-25/08-46	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	52,000.00			52,000.00
08-50/09-39/11-32	Acquisition of Various Equipment, Road, Drainage and Various Other Improvements	383,500.00		\$ 250,000.00	133,500.00
10-09/11-26	Acquisition of Various Equipment, Road, Drainage and Various Other Improvements	799,661.23		250,000.00	549,661.23
11-10	Improvements to Kamm Avenue Section I		\$ 71,000.00	71,000.00	
		<u>\$ 1,937,161.23</u>	<u>\$ 71,000.00</u>	<u>\$ 571,000.00</u>	<u>\$ 1,437,161.23</u>

UTILITY OPERATING FUNDS - COMBINED STATEMENTS

**BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY OPERATING FUNDS - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010**

	Electric Utility		Parking Utility		Water Utility		Totals	
	2011	2010	2011 (Inception Year)	2010	2011	2010	2011	(Memorandum Only) 2010
ASSETS								
Cash and Cash Equivalents	\$ 7,124,974.34	\$ 6,259,197.46	\$ 63,271.57	\$ 1,007,738.51	\$ 8,668,340.28	\$ 7,266,935.97		
Due from Bond Registrar/Paying Agent				57,812.00	57,812.00	57,812.00		57,812.00
Consumer Accounts Receivable	1,328,197.07	1,576,700.24		473,945.54	1,802,142.61	2,131,308.90		
Consumer Liens Receivable	5,102.72	971.39		1,347.33	6,436.21	2,318.72		
Inventory	344,070.85	362,404.73		15,551.59	357,441.31	377,956.32		
Deferred Charges			13,000.00	75,000.00	13,000.00	75,000.00		
Total Assets	\$ 8,802,344.98	\$ 8,199,273.82	\$ 76,271.57	\$ 1,712,058.09	\$ 10,905,172.41	\$ 9,911,331.91		
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities:								
Appropriation Reserves	\$ 2,041,367.07	\$ 1,677,312.31	\$ 6,668.05	\$ 173,467.05	\$ 2,257,229.14	\$ 1,850,779.36		
Other Liabilities and Reserves:								
Reserve for Encumbrances	\$ 768,549.53	\$ 573,449.78	\$ 3,110.00	\$ 49,107.32	\$ 843,538.37	\$ 622,557.10		
Consumer Overpayments	154,048.45	147,174.36		83,848.28	231,478.81	231,022.64		
Accrued Interest on Bonds, Notes and Loans	17,337.17	19,673.62		38,824.50	52,454.91	58,498.12		
Due to Vendor	1,298.59	534.92		183.50	1,815.18	718.42		
Due to Bond Registrar/Paying Agent				85,300.00	111,840.00	85,300.00		
Reserve for Receivables and Other Assets	\$ 941,233.74	\$ 740,832.68	\$ 3,110.00	\$ 257,263.60	\$ 1,241,127.27	\$ 998,096.28		
Fund Balance	\$ 1,677,370.64	\$ 1,940,076.36		\$ 629,319.58	\$ 2,223,832.13	\$ 2,569,395.94		
	\$ 4,142,373.53	\$ 3,841,052.47	\$ 66,493.52	\$ 652,007.86	\$ 5,182,983.87	\$ 4,493,060.33		
Total Liabilities, Reserves and Fund Balance	\$ 8,802,344.98	\$ 8,199,273.82	\$ 76,271.57	\$ 1,712,058.09	\$ 10,905,172.41	\$ 9,911,331.91		

ELECTRIC UTILITY OPERATING FUND

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
STATUTORY BASIS

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>Year 2011</u>	<u>Year 2010</u>
Electric Charges	\$ 14,953,578.47	\$ 15,054,935.42
Electric Capital Fund Balance	14,728.00	18,572.00
Other Credits to Income:		
Non-Budget Revenue	126,815.67	71,713.96
Current Appropriations Canceled	2,925.57	8,121.83
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	1,683,760.35	1,633,533.21
Cancellation of Intergovernmental Accounts Payable		<u>112.50</u>
 Total Income	 <u>\$ 16,781,808.06</u>	 <u>\$ 16,786,988.92</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 11,615,000.00	\$ 11,544,800.00
Capital Improvements	300,000.00	125,000.00
Debt Service	964,538.00	967,691.00
Deferred Charges and Statutory Expenditures	244,578.00	212,150.00
Surplus - General Budget	<u>443,000.00</u>	<u>443,000.00</u>
 Total Expenditures	 <u>\$ 13,567,116.00</u>	 <u>\$ 13,292,641.00</u>
 Statutory Excess to Fund Balance	 \$ 3,214,692.06	 \$ 3,494,347.92
 Fund Balance, January 1	 <u>3,841,052.47</u>	 <u>3,050,704.55</u>
	\$ 7,055,744.53	\$ 6,545,052.47
Decreased By:		
Transferred to Current Fund as Anticipated Revenue	<u>\$ 2,913,371.00</u>	<u>\$ 2,704,000.00</u>
 Fund Balance, December 31	 <u>\$ 4,142,373.53</u>	 <u>\$ 3,841,052.47</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Electric Charges	\$ 13,552,388.00	\$ 14,953,578.47	\$ 1,401,190.47
Electric Capital Fund Balance	<u>14,728.00</u>	<u>14,728.00</u>	<u> </u>
	\$ 13,567,116.00	\$ 14,968,306.47	\$ 1,401,190.47
Non-Budget Revenue	<u> </u>	<u>126,815.67</u>	<u>126,815.67</u>
	<u>\$ 13,567,116.00</u>	<u>\$ 15,095,122.14</u>	<u>\$ 1,528,006.14</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Electric Charges:	
Consumer Accounts Receivable	\$ 14,913,978.47
State of New Jersey Lifeline	<u>39,600.00</u>
	<u>\$ 14,953,578.47</u>
Non-Budget Revenue:	
Interest on Investments	\$ 20,662.09
Interest on Delinquent Rents	13,977.95
Connection Fees	29,504.00
Refund of Prior Years Expenditures	42,158.63
Payment Plan Fees	183.00
Turn On/Off Fees	17,650.00
Returned Check Fees	<u>2,680.00</u>
	<u>\$ 126,815.67</u>

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
OPERATING						
Salaries and Wages	\$ 1,375,000.00	\$ 1,375,000.00	\$ 1,211,286.41		\$ 163,713.59	
Purchase of Power	8,500,000.00	8,275,000.00	6,194,188.37	\$ 427,734.31	1,653,077.32	
Other Expenses - Operating	395,000.00	420,000.00	348,203.82	46,933.28	24,862.90	
Other Expenses - Officer/Administrative	50,000.00	50,000.00	22,582.58	900.00	26,517.42	
Other Expenses - Insurance	950,000.00	950,000.00	880,852.33		69,147.67	
Other Expenses - Professional Services	330,000.00	530,000.00	360,304.13	111,291.94	58,403.93	
Other Expenses - Accumulated Absences	15,000.00	15,000.00	15,000.00			
Total Operating	\$ 11,615,000.00	\$ 11,615,000.00	\$ 9,032,417.64	\$ 586,859.53	\$ 1,995,722.83	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00		\$ 212.00	
Capital Outlay	50,000.00	50,000.00	49,788.00			
Capital Outlay - Hydraulic Digger Truck	225,000.00	225,000.00		\$ 181,690.00	\$ 43,310.00	
Total Capital Improvements	\$ 300,000.00	\$ 300,000.00	\$ 74,788.00	\$ 181,690.00	\$ 43,522.00	
DEBT SERVICE						
Payment of Bond Principal	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00			
Payment of Bond Anticipation Notes and Capital Notes	297,000.00	297,000.00	297,000.00			
Interest on Bonds	217,538.00	217,538.00	217,537.24		\$ 0.76	
Interest on Notes	35,000.00	35,000.00	32,075.19		2,924.81	
Total Debt Service	\$ 964,538.00	\$ 964,538.00	\$ 961,612.43		\$ 2,925.57	
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 139,578.00	\$ 139,578.00	\$ 139,578.00			
Social Security System (O.A.S.I.)	95,000.00	95,000.00	92,877.76		\$ 2,122.24	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	10,000.00	10,000.00	10,000.00			
Total Deferred Charges and Statutory Expenditures	\$ 244,578.00	\$ 244,578.00	\$ 242,455.76		\$ 2,122.24	
Surplus (General Budget)	\$ 443,000.00	\$ 443,000.00	\$ 443,000.00			
Total Electric Utility Appropriations	\$ 13,567,116.00	\$ 13,567,116.00	\$ 10,754,273.83	\$ 768,549.53	\$ 2,041,367.07	\$ 2,925.57

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 1,576,700.24
 <u>INCREASED BY</u>		
Electric Charges Levied		<u>14,744,412.76</u>
		\$ 16,321,113.00
 <u>DECREASED BY</u>		
Collections	\$ 14,766,804.11	
State of New Jersey Lifeline Credits	39,600.00	
Municipal Lifeline	35,149.29	
Consumer Overpayments Applied	147,174.36	
Transferred to Consumer Liens Receivable	<u>4,188.17</u>	<u>14,992,915.93</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u>\$ 1,328,197.07</u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 971.39
 <u>INCREASED BY</u>		
Transferred from Consumer Accounts Receivable		<u>4,188.17</u>
		\$ 5,159.56
 <u>DECREASED BY</u>		
Adjustment		<u>56.84</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u>\$ 5,102.72</u>
 Detail of Balance:		
Consumer Accounts Receivable	\$ <u>5,102.72</u>	
	\$ <u><u>5,102.72</u></u>	

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances		
OPERATING				
Salaries and Wages	\$ 117,536.55	\$ 117,536.55	\$ 117,536.55	\$ 117,536.55
Purchase of Power	1,394,934.10	\$ 452,280.88	\$ 450,046.72	1,397,168.26
Other Expenses:				
Operating	7,813.94	59,368.38	59,156.85	8,025.47
Office/Administrative	33,238.51	247.14	290.18	33,195.47
Insurance	59,812.05	59,812.05		59,812.05
Professional Services	30,226.61	45,821.29	47,956.04	28,091.86
Total Operating	\$ 1,643,561.76	\$ 557,717.69	\$ 557,449.79	\$ 1,643,829.66
CAPITAL IMPROVEMENTS				
Capital Outlay	\$ 33,293.82	\$ 15,732.09	\$ 9,551.95	\$ 39,473.96
Total Capital Improvements	\$ 33,293.82	\$ 15,732.09	\$ 9,551.95	\$ 39,473.96
DEFERRED CHARGES AND STATUTORY EXPENDITURES				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 22.00	\$ 22.00		\$ 22.00
Social Security System (O.A.S.I.)	434.73	434.73		434.73
Total Deferred Charges and Statutory Expenditures	\$ 456.73	\$ 456.73		\$ 456.73
Total Electric Utility Appropriations	\$ 1,677,312.31	\$ 573,449.78	\$ 567,001.74	\$ 1,683,760.35

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 19,673.62
<u>INCREASED BY</u>		
Budget Appropriation:		
Interest on Bonds	\$ 217,537.24	
Interest on Notes	<u>32,075.19</u>	<u>249,612.43</u>
		\$ 269,286.05
<u>DECREASED BY</u>		
Cash Disbursed		<u>251,948.88</u>
<u>BALANCE, DECEMBER 31, 2011</u>		<u>\$ 17,337.17</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2011

	<u>Outstanding</u> <u>December 31,</u> <u>2011</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds, 2007	\$ 4,800,000.00	Var.	12/1/2011	12/31/2011	1 Months	\$ 16,711.09
Bond Anticipation Notes	1,366,000.00	1.50%	12/20/2011	12/31/2011	11 Days	<u>626.08</u>
						<u>\$ 17,337.17</u>

PARKING UTILITY OPERATING FUND

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
STATUTORY BASIS

	<u>Year 2011</u> (Inception Year)
<u>REVENUE AND OTHER INCOME REALIZED</u>	
Other Credits to Income:	
Non Budget Revenues	\$ 6,409.14
Transfer from South River Parking Authority from Dissolution	<u>60,084.38</u>
Total Income	<u>\$ 66,493.52</u>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operating	\$ 12,650.00
Deferred Charges and Statutory Expenditures	<u>350.00</u>
Total Expenditures	<u>\$ 13,000.00</u>
Excess in Revenue over Expenditures	\$ 53,493.52
Adjustments to Income Before Fund Balance:	
Expenditures Above which are by Statute Deferred Charges to Budgets of Succeeding Years	<u>13,000.00</u>
Statutory Excess to Fund Balance	\$ 66,493.52
Fund Balance, January 1	<u>None</u>
Fund Balance, December 31	<u><u>\$ 66,493.52</u></u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Non-Budget Revenue	\$ <u>6,409.14</u>	\$ <u>6,409.14</u>
	\$ <u><u>6,409.14</u></u>	\$ <u><u>6,409.14</u></u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Non Budget Revenues:	
Interest on Investments	\$ 33.34
Parking Meters	5,525.80
Parking Permits	<u>850.00</u>
	\$ <u><u>6,409.14</u></u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 4,000.00	\$ 1,558.00	\$ 2,442.00			
Other Expenses - Operating	3,300.00	1,544.76	1,755.24			
Other Expenses - Professional Services	5,350.00		\$ 3,110.00		2,240.00	
Total Operating	<u>\$ 12,650.00</u>	<u>\$ 3,102.76</u>	<u>\$ 3,110.00</u>		<u>\$ 6,437.24</u>	

DEFERRED CHARGES AND STATUTORY EXPENDITURES

Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 350.00		119.19		\$ 230.81	
Total Deferred Charges and Statutory Expenditures	<u>\$ 350.00</u>		<u>\$ 119.19</u>		<u>\$ 230.81</u>	
Total Parking Utility Appropriations	<u>\$ 13,000.00</u>		<u>\$ 3,221.95</u>	<u>\$ 3,110.00</u>	<u>\$ 6,668.05</u>	

Emergency Authorization per NJSA 40A:4-46

\$ 13,000.00

WATER UTILITY OPERATING FUND

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 340,257.00	\$ 340,257.00	
Water Rents - Basic	3,146,000.00	3,558,123.15	\$ 412,123.15
Water Capital Fund Balance	<u>98,373.00</u>	<u>98,373.00</u>	
	\$ 3,584,630.00	\$ 3,996,753.15	\$ 412,123.15
Non-Budget Revenue		<u>42,454.23</u>	<u>42,454.23</u>
	<u>\$ 3,584,630.00</u>	<u>\$ 4,039,207.38</u>	<u>\$ 454,577.38</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Water Rents:	
Consumer Accounts Receivable	\$ <u>3,558,123.15</u>
Non Budget Revenues:	
Interest on Investments	\$ 4,722.05
Connection Fees	17,112.00
Meter Installation	7,152.44
Tap Fees	202.90
Turn Off Fees	6,625.00
Bounced Check Fees	660.00
Payment Plan Fees	80.00
Refund of Prior Years Expenditures	<u>5,899.84</u>
	<u>\$ 42,454.23</u>

**BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2011**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 655,000.00	\$ 630,000.00	\$ 586,448.82		\$ 43,551.18	
Purchase of Water	850,000.00	850,000.00	796,190.02		53,809.98	
Other Expenses - Operating	185,000.00	210,000.00	180,390.74	\$ 13,865.00	15,744.26	
Other Expenses - Office/Administrative	23,000.00	23,000.00	13,742.24	600.00	8,657.76	
Other Expenses - Insurance	625,000.00	625,000.00	587,234.83		37,765.17	
Other Expenses - Professional Services	100,000.00	100,000.00	64,088.96	35,475.51	435.53	
Other Expenses - Sayreville Interlocal Services	90,000.00	90,000.00	75,771.51	12,507.01	1,721.48	
Other Expenses - Accumulated Absences	7,500.00	7,500.00	7,500.00			
Total Operating	\$ 2,535,500.00	\$ 2,535,500.00	\$ 2,311,367.12	\$ 62,447.52	\$ 161,685.36	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00			
Capital Outlay	150,000.00	150,000.00	97,092.50	\$ 9,431.32	\$ 43,476.18	
Total Capital Improvements	\$ 200,000.00	\$ 200,000.00	\$ 147,092.50	\$ 9,431.32	\$ 43,476.18	
<u>DEBT SERVICE</u>						
Payment of Bond Principal	\$ 180,000.00	\$ 180,000.00	\$ 180,000.00			
Payment of Bond Anticipation Notes and Capital Notes	22,000.00	22,000.00	22,000.00			\$ 0.69
Interest on Bonds	14,120.00	14,120.00	14,119.31			3,827.51
Interest on Notes	55,300.00	55,300.00	51,472.49			
Wastewater - Year 2000 - State - Principal	135,000.00	135,000.00	135,000.00			
Wastewater - Year 2000 - State - Interest	83,275.00	83,275.00	40,733.60			42,541.40
Wastewater - Year 2000 - Federal - Principal	136,384.00	136,384.00	136,383.88			0.12
Total Debt Service	\$ 626,079.00	\$ 626,079.00	\$ 579,709.28			\$ 46,369.72
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Deferred Charges:						
Emergency Authorization	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	93,051.00	93,051.00	93,051.00			
Social Security System (O.A.S.I.)	49,000.00	49,000.00	44,967.52		\$ 4,032.48	
Unemployment Compensation Insurance (NJSA 43:21 et seq)	6,000.00	6,000.00	6,000.00			
Total Deferred Charges and Statutory Expenditures	\$ 223,051.00	\$ 223,051.00	\$ 219,018.52		\$ 4,032.48	
Total Water Utility Appropriations	\$ 3,584,630.00	\$ 3,584,630.00	\$ 3,257,187.42	\$ 71,878.84	\$ 209,194.02	\$ 46,369.72

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 554,608.66
 <u>INCREASED BY</u>		
Water Charges Levied		<u>3,477,710.35</u>
		\$ 4,032,319.01
 <u>DECREASED BY</u>		
Collections	\$ 3,474,274.87	
Consumer Overpayments Applied	83,848.28	
Transfer to Consumer Lien Receivable	<u>250.32</u>	<u>3,558,373.47</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u><u>\$ 473,945.54</u></u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2010</u>		\$ 1,347.33
 <u>INCREASED BY</u>		
Transfer from Consumer Accounts Receivable	\$ 250.32	
Interest and Costs	<u>17.07</u>	<u>267.39</u>
		\$ 1,614.72
 <u>DECREASED BY</u>		
Adjustments		<u>281.23</u>
 <u>BALANCE, DECEMBER 31, 2011</u>		 <u><u>\$ 1,333.49</u></u>

Detail of Balance:		
Consumer Accounts Receivable	\$ 1,205.34	
Interest and Costs	<u>128.15</u>	
	 <u><u>\$ 1,333.49</u></u>	

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance December 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances		
<u>OPERATING</u>				
Salaries and Wages	\$ 46,210.53	\$ 46,210.53		\$ 46,210.53
Purchase of Water	10,372.08	10,372.08		10,372.08
Other Expenses:				
Operating	25,727.36	\$ 13,397.46	\$ 10,941.06	28,183.76
Office/Administrative	12,350.50	129.80	136.38	12,343.92
Insurance	20,541.30	20,541.30		20,541.30
Professional Services	3,259.24	24,197.63	25,697.63	1,759.24
Sayreville Interlocal Services	1,383.32	11,382.43	12,101.39	664.36
Total Operating	\$ 119,844.33	\$ 49,107.32	\$ 48,876.46	\$ 120,075.19
<u>CAPITAL IMPROVEMENTS</u>				
Capital Outlay	\$ 53,181.23		\$ 12,279.05	\$ 40,902.18
Total Capital Improvements	\$ 53,181.23	\$ 53,181.23	\$ 12,279.05	\$ 40,902.18
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 10.00	\$ 10.00		\$ 10.00
Social Security System (O.A.S.I.)	431.49	431.49		431.49
Total Deferred Charges and Statutory Expenditures	\$ 441.49	\$ 441.49		\$ 441.49
Grand Total	\$ 173,467.05	\$ 49,107.32	\$ 61,155.51	\$ 161,418.86

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

<u>BALANCE, DECEMBER 31, 2010</u>		\$	38,824.50
<u>INCREASED BY</u>			
Budget Appropriation:			
Interest on Bonds	\$		14,119.31
Interest on Notes			51,472.49
Interest on Loan			<u>40,733.60</u>
			<u>106,325.40</u>
		\$	145,149.90
<u>DECREASED BY</u>			
Cash Disbursed	\$		108,352.16
Due to Bondholders			<u>1,680.00</u>
			<u>110,032.16</u>
<u>BALANCE, DECEMBER 31, 2011</u>		\$	<u><u>35,117.74</u></u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2011

	<u>Outstanding</u>		<u>Interest</u>				<u>Amount</u>
	<u>December 31,</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>		
	<u>2011</u>						<u>Amount</u>
Serial Bonds, 1977	\$ 44,000.00	5.600%	12/1/2011	12/31/2011	1 Month	\$	205.33
Serial Bonds, 2007	85,000.00	4.125%	12/1/2011	12/31/2011	1 Month		292.19
NJ Environmental Infrastructure Trust - 2000	1,540,000.00	Var.	8/1/2011	12/31/2011	5 Months		33,057.30
Bond Anticipation Notes	3,410,000.00	1.50%	12/20/2011	12/31/2011	11 Days		<u>1,562.92</u>
						\$	<u><u>35,117.74</u></u>

UTILITY CAPITAL FUNDS - COMBINED STATEMENTS

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Electric Utility	Parking Utility	Water Utility	Total (Memorandum Only)
	2011	2011 (Inception Year)	2011	2011
	2010		2010	2010
ASSETS				
Cash and Cash Equivalents	\$ 1,749,176.60	\$ 64,179.99	\$ 789,417.49	\$ 2,602,774.08
Intergovernmental Accounts Receivable	\$ 500,000.00			\$ 500,000.00
Fixed Capital	\$ 13,408,827.51	\$ 71,175.46	\$ 14,480,846.59	\$ 27,960,849.56
Fixed Capital Authorized and Uncompleted	1,828,798.83		2,779,135.82	4,607,934.65
	\$ 15,237,626.34	\$ 71,175.46	\$ 17,259,982.41	\$ 32,568,784.21
Total Assets	\$ 16,986,802.94	\$ 135,355.45	\$ 18,049,399.90	\$ 35,171,558.29
LIABILITIES AND RESERVES				
Serial Bonds	\$ 4,800,000.00		\$ 129,000.00	\$ 4,929,000.00
Bond Anticipation Notes	\$ 1,366,000.00		\$ 3,410,000.00	\$ 4,776,000.00
Loans Payable			\$ 2,246,593.90	\$ 2,246,593.90
			\$ 2,517,977.78	\$ 2,517,977.78

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - STATUTORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	Electric Utility	Parking Utility	Water Utility	Total (Memorandum Only)
	2011	2010	2011	2010
	(Inception Year)			
LIABILITIES AND RESERVES				
(CONTINUED)				
Improvement Authorizations:				
Funded	\$ 162,604.49	\$ 54,371.00	\$ 163,377.49	\$ 217,748.49
Unfunded	1,065,200.58	1,175,077.89	2,310,454.24	3,375,654.82
	<u>\$ 1,227,805.07</u>	<u>\$ 1,229,448.89</u>	<u>\$ 2,473,831.73</u>	<u>\$ 3,701,636.80</u>
Capital Improvement Fund	\$ 653,903.15	\$ 628,903.15	\$ 161,450.63	\$ 815,353.78
Reserve for Encumbrances	202,782.04	300,990.53	129,041.47	331,823.51
	<u>\$ 856,685.19</u>	<u>\$ 929,893.68</u>	<u>\$ 290,492.10</u>	<u>\$ 1,147,177.29</u>
Reserve for Receivable	<u>\$ 500,000.00</u>			<u>\$ 500,000.00</u>
Reserve for Amortization	\$ 8,440,636.34	\$ 7,169,296.39	\$ 8,975,788.51	\$ 17,416,424.85
Deferred Reserve for Amortization	\$ 230,990.00	\$ 230,990.00	\$ 372,600.00	\$ 674,765.46
Fund Balance	\$ 64,686.34	\$ 70,682.43	\$ 151,093.66	\$ 279,959.99
Total Liabilities and Reserves	<u>\$ 16,986,802.94</u>	<u>\$ 17,508,311.39</u>	<u>\$ 18,049,399.90</u>	<u>\$ 35,171,558.29</u>
			<u>\$ 18,678,415.12</u>	<u>\$ 36,186,726.51</u>

There were Bonds and Notes Authorized but not Issued of \$400,000.00 in the Electric Utility Capital Fund, \$2,126,000.00 in the Water Utility Capital Fund and None in the Parking Utility Capital Fund at December 31, 2011.

ELECTRIC UTILITY CAPITAL FUND

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2010	Receipts		Disbursements		Transfers		Balance December 31, 2011
		Miscellaneous	Improvement Authorizations	Bond Anticipation Note	Miscellaneous	From	To	
Fund Balance	\$ 70,682.43	\$ 8,731.91		\$ 14,728.00			\$ 64,686.34	
Capital Improvement Fund	628,903.15	25,000.00					653,903.15	
Reserve for Encumbrances	300,990.53	4,315.07		98,480.97	\$ 490.00	\$ 762.48	202,782.04	
Due to Electric Utility Operating Fund		500,000.00		4,315.07				
Reserve for Debt Service (Ord #03-35/06-42)			\$ 500,000.00					
Ordinance								
Number								
01-24/03-13	27,863.03						27,863.03	
Renovations to the Gordon Street Administration Building								
03-35/06-42	(74.60)		\$ 824.13		390.69	490.00	(799.42)	
Acquisition and Installation of Electric Meters								
04-64/05-14/ 06-02	26,507.97						26,507.97	
Improvements to Willet Avenue Substation								
08-27/08-47	775,152.49		547.21		371.79		774,233.49	
Acquisition of and Improvements to various Capital Equipment								
	\$ 1,830,025.00	\$ 538,046.98	\$ 1,371.34	\$ 500,000.00	\$ 1,252.48	\$ 1,252.48	\$ 1,749,176.60	

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 11,973,915.39
<u>INCREASED BY</u>	
Transferred from Fixed Capital Authorized and Uncompleted	\$ 1,375,572.17
Adjustment for Budget Expenditure Capital Outlay:	
2010 Appropriation Reserves	9,551.95
2011 Appropriation	<u>49,788.00</u>
	<u>1,434,912.12</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 13,408,827.51</u>
Detail:	
Miscellaneous intangible, Plant	\$ 1,100.00
Land and Land Rights	5,685.00
Structures and Improvement, Distribution Plant	281,161.69
Internal Combustion Engines	650,836.49
Generators	136,077.19
Accessory Electric Equipment	96,355.56
Miscellaneous Power Plant Equipment	45,054.60
Structures and Improvements	31,330.06
Station Equipment	58,206.53
Poles, Towers and Fixtures	125,679.21
Overhead Conductors and Devices	237,508.78
Line Transformers	303,628.00
Services	102,049.40
Meters	159,621.30
Street Lighting and Signal System	88,801.11
Yard Lighting	52.47
Land and Land Rights, General Plant	6,482.24
Structures and Improvements, General Plant	74,398.42
Office Furniture and Equipment	42,831.23
Transportation Equipment	63,172.21
Store Equipment	1,125.54
Tools and Work Equipment	13,951.02
Laboratory Equipment	2,227.60
Power Operated Equipment	7,759.31
Communications Equipment	8,628.47
Fire Alarm and Safety Equipment	493.32
Construction of Additions, Extensions and Improvement to the Existing Electrical System	1,900,667.84
Appurtenant Equipment for Willett Avenue Sub-Station	187,500.00
Dump Trucks and Scavenger Truck	69,315.22
Computer	32,774.03
Bay Lifts	59,743.92
Heating System	46,500.00
Gas Tanks	22,000.00
Improvement to Willett Avenue Sub-Station	86,277.70
Installation and Purchase of Street Lights	24,717.63
Acquisition of a Stump Grinder	7,993.64
Improvement to Electrical System	79,937.74
1999 Capital Outlay	48,515.00
Acquisition of a Bucket Truck	158,990.00
Acquisition and Installation of Radio Communication Equipment	116,975.29
Improvement to the Electrical System	157,036.27
Acquisition and Installation of an Electric Transformer	424,551.80
Repairs and Rebuilding of an Electric Transformer	228,397.79
Renovations to the Gordon Street Administration Building	399,136.97
Acquisition of Utility Vehicles	261,345.09
Improvements to Willett Avenue Substation	4,973,492.03
Acquisition and Installation of Electric Meters	1,375,572.17
2005 Capital Outlay - Appropriation	59,989.00
2008 Capital Outlay - Appropriation	7,930.00
2009 Capital Outlay - Appropriation	49,937.59
2010 Capital Outlay - Appropriation	25,974.09
2010 Capital Outlay - Appropriation Reserves	9,551.95
2011 Capital Outlay - Appropriation	<u>49,788.00</u>
	<u>\$ 13,408,827.51</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2010</u>	<u>Transferred to Fixed Capital</u>	<u>Balance December 31, 2011</u>
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 427,500.00	\$ 27,863.03	\$	27,863.03
03-35/ 06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	1,950,000.00	1,950,000.00	\$ 1,375,572.17	574,427.83
04-64/ 05-14/ 06-02	Improvement to Willet Avenue Substation	12/13/04, 04/25/05, 02/13/06	5,000,000.00	26,507.97		26,507.97
08-27/ 08-47	Acquisition and Installation of Various Equipment	07/14/08 02/23/08	1,200,000.00	1,200,000.00		1,200,000.00
				<u>\$ 3,204,371.00</u>	<u>\$ 1,375,572.17</u>	<u>\$ 1,828,798.83</u>

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance December 31, 2010	Decrease	Balance December 31, 2011
Electric System Improvements	11/1/1991	\$ 1,300,000.00			\$ 90,000.00	\$ 90,000.00	
Electric System Improvements	12/1/2007	5,990,000.00	12/1/2012 \$ 325,000.00	4.125%			
			12/1/2013 375,000.00	4.125%			
			12/1/2014 375,000.00	4.125%			
			12/1/2015 400,000.00	4.125%			
			12/1/2016 400,000.00	4.125%			
			12/1/2017 425,000.00	4.125%			
			12/1/2018 450,000.00	4.125%			
			12/1/2019 475,000.00	4.250%			
			12/1/2020 500,000.00	4.250%			
			12/1/2021 525,000.00	4.250%			
			12/1/2022 550,000.00	4.250%	5,125,000.00	325,000.00	4,800,000.00
					\$ 5,215,000.00	\$ 415,000.00	\$ 4,800,000.00

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

Ordinance Number	Description	Original Issue Date	Date of Issuance	Maturity Date	Interest Rate	Balance December 31, 2010	Decreased by		Balance December 31, 2011
							Budget Appropriation	Excess Cash	
03-35/06-42	Acquisition and Installation of Electric Meters	12/23/08	12/20/11	12/19/12	1.50%	\$ 1,300,000.00	\$ 100,000.00	\$ 500,000.00	\$ 700,000.00
08-27/08-47	Acquisition and Improvements to various Capital Equipment	12/23/08	12/20/11	12/19/12	1.50%	410,000.00	140,000.00		270,000.00
08-27/08-47	Acquisition and Improvements to various Capital Equipment	12/22/09	12/20/11	12/19/12	1.50%	453,000.00	57,000.00		396,000.00
						<u>\$ 2,163,000.00</u>	<u>\$ 297,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 1,366,000.00</u>

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2010		Reserve for Encumbrances Canceled	Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded			Funded	Unfunded
01-24/03-13	Renovations to The Gordon Street Administration Building	05/30/01, 07/07/03	\$ 427,500.00	\$ 27,863.03				\$ 27,863.03	
03-35/06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	1,950,000.00		\$ 399,925.40	\$ 490.00	\$ 1,214.82		\$ 399,200.58
04-64/05-14/ 06-02	Improvements to Willet Avenue Substation	12/13/04, 04/25/05, 02/13/06	5,000,000.00	26,507.97				26,507.97	
08-27/08-47	Acquisition of and Improvements to Various Capital Equipment	07/14/08, 12/23/08	1,200,000.00		775,152.49		919.00	108,233.49	666,000.00
			\$ 54,371.00	\$ 1,175,077.89	\$ 490.00	\$ 2,133.82	\$ 162,604.49	\$ 1,065,200.58	

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 628,903.15
<u>INCREASED BY</u>	
2011 Budget Appropriation	<u>25,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 653,903.15</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance December 31, 2010 and <u>2011</u>
03-35/06-42	Acquisition and Installation of Electric Meters	\$ <u>400,000.00</u>
		\$ <u><u>400,000.00</u></u>

PARKING UTILITY CAPITAL FUND

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS

	<u>Receipts</u>	<u>Disbursements</u>	Balance December 31, 2011
	<u>Miscellaneous</u>	<u>Miscellaneous</u>	
Fund Balance	\$ 64,179.99		\$ 64,179.99
Due to/(from) Parking Utility Operating Fund	<u>18.28</u>	\$ 18.28	
	<u>\$ 64,198.27</u>	<u>\$ 18.28</u>	<u>\$ 64,179.99</u>

Bracketed amounts denote deficit.

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

INCREASED BY

Transferred from South River Parking Authority	\$	<u>71,175.46</u>
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<u>BALANCE, DECEMBER 31, 2011</u>		\$ <u><u>71,175.46</u></u>
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Detail:

Land, Off-Street Parking Facilities	\$	68,975.46
Meters and Machine		<u>2,200.00</u>
		<u>71,175.46</u>

	\$	<u><u>71,175.46</u></u>
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WATER UTILITY CAPITAL FUND

**BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2010	Receipts		Disbursements		Transfers		Balance December 31, 2011
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 227,673.79	\$ 21,792.87	\$ 98,373.00					\$ 151,093.66
Capital Improvement Fund	111,450.63	50,000.00						161,450.63
Reserve for Encumbrances	774,348.30		656,253.23	\$ 18,864.47	\$ 29,840.87			129,041.47
Due to/(from) Water Utility Operating Fund		1,995.10	1,995.10					
Ordinance								
<u>Number</u>	<u>Description</u>							
01-24/	Renovations to the Gordon							
03-13	Street Administration Building	38,418.34						38,418.34
03-18/08-26	Resurfacing and Upgrading							
08-48/	of the Appleby Water							
10-18	Storage Tower	12,575.90	\$ 15,419.22		6,226.04	18,864.47		9,795.11
03-36/	Acquisition and Installation of							
06-43	Water Meters	124,959.15						124,959.15
08-28	Improvements to the Water	196,890.54	26,979.15		23,503.11			146,408.28
	Treatment Plant							
10-10	Water System Improvements	41,487.61	13,125.04		111.72			28,250.85
		<u>\$ 1,527,804.26</u>	<u>\$ 73,787.97</u>	<u>\$ 55,523.41</u>	<u>\$ 48,705.34</u>	<u>\$ 48,705.34</u>	<u>\$ 48,705.34</u>	<u>\$ 789,417.49</u>

Bracketed amounts denote deficit.

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 11,292,192.52
<u>INCREASED BY</u>	
Transferred from Fixed Capital Authorized and Uncompleted	\$ 3,079,282.52
Adjustment for Budget Expenditure Capital Outlay:	
2010 Appropriation Reserves	12,279.05
2011 Appropriation	<u>97,092.50</u>
	<u>3,188,654.07</u>
<u>BALANCE, DECEMBER 31, 2011</u>	<u>\$ 14,480,846.59</u>
Detail:	
Land and Land Rights	\$ 12,200.00
Wells and Springs	54,738.27
Infiltration Galleries and Tunnels	29,712.10
Supply Mains	11,540.89
Water Drilling Clearing Account	27,644.40
Structures and Improvements, Pumping Plant	276,004.81
Electric Pumping Equipment	453,998.71
Structures and Improvements, Water Treatment Plant	5,284.23
Water Treatment Equipment	9,903.77
Distribution Reservoirs and Standpipes	354,558.23
Transmission and Mains	881,212.16
Services	1,448.95
Hydrants	41,202.16
Structures and Improvements, General Plant	6,194.16
Office Furniture and Equipment	5,620.02
Transportation Equipment	3,363.24
Laboratory Equipment	1,138.84
Miscellaneous	1,195.15
Tools, Shop and Garage Equipment	1,848.31
Power Operating Equipment	16,895.95
Communications Equipment	124.00
Meters	5,878.09
Improvements to Water System	537,685.30
Construction of a Water Treatment Plant	1,657,321.41
Construction of Water Transmission Lines	175,815.00
Improvements to Well #2	34,750.00
Construction of Water Improvements and Purchase of Back Hoe	45,000.00
Water Main Improvements	24,825.89
Cleaning of Water Lines and Painting of Water Tank	47,436.86
Computer	23,343.63
Dump and Scavenger Trucks	44,909.94
Sewer Jet	21,782.58
Gas Tanks	58,000.00
Rehabilitation of Well #2	100,283.21
Rehabilitation of Appleby Tank	72,910.32
Rehabilitation of Well #6	72,117.96
Improvements to the Water System	640,000.00
Various Water Improvements	23,897.18
Various Water Improvements	7,795.00
Rehabilitation and Improvement to Water Tank	262,343.85
Rehabilitation of the Water System - Phases I and II	4,283,417.83
Water Main Repair Along Foothills Drive	55,800.27
Acquisition and Installation of Radio Communication Equipment	77,697.30
Renovations to the Gordon Street Administration Building	246,581.66
Replacement of the Lime Feed System	108,015.09
Extension of Water Main - Hillside Avenue Section II	72,446.65
Resurfacing and Upgrading of Appleby Storage Tank	1,759,288.27
Improvements to the Water Treatment Plant	1,319,994.25
2004 Capital Outlay - Appropriation Reserves	30,835.00
2005 Capital Outlay - Appropriation	44,617.59
2006 Capital Outlay - Appropriation	50,487.57
2007 Capital Outlay - Appropriation	7,439.00
2008 Capital Outlay - Appropriation	77,726.47
2009 Capital Outlay - Appropriation	30,945.04
2009 Capital Outlay - Appropriation Reserves	42,439.71
2010 Capital Outlay - Appropriation	111,818.77
2010 Capital Outlay - Appropriation Reserves	12,279.05
2011 Capital Outlay - Appropriation	<u>97,092.50</u>
	<u>\$ 14,480,846.59</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2010</u>	<u>Decreased by Transferred to Fixed Capital</u>	<u>Balance December 31, 2011</u>
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 285,000.00	\$ 38,418.34	\$	\$ 38,418.34
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/04/08, 12/23/08, 07/12/10	1,870,000.00	1,870,000.00	\$ 1,759,288.27	110,711.73
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03 12/18/06	2,150,000.00	2,150,000.00		2,150,000.00
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00	1,500,000.00	1,319,994.25	180,005.75
10-10	Water System Improvements	04/26/10	300,000.00	300,000.00		300,000.00
				<u>\$ 5,858,418.34</u>	<u>\$ 3,079,282.52</u>	<u>\$ 2,779,135.82</u>

**BOROUGH OF SOUTH RIVER
 WATER UTILITY CAPITAL FUND
 STATEMENT OF SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding	Interest Rate	Balance December 31, 2010	Decrease	Balance December 31, 2011
Water System Improvements	12/01/77	\$ 1,169,000.00	12/1/2012 \$ 44,000.00	5.600%	\$ 89,000.00	\$ 45,000.00	\$ 44,000.00
Water System Improvements	11/01/91	670,000.00			50,000.00	50,000.00	
Water System Improvements	12/01/07	425,000.00	12/1/2012 85,000.00	4.125%	170,000.00	85,000.00	85,000.00
					\$ 309,000.00	\$ 180,000.00	\$ 129,000.00

**BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2010</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2011</u>
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/23/08	12/20/11	12/19/12	1.50%	\$ 75,000.00	\$ 4,000.00	\$ 71,000.00
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/22/09	12/20/11	12/19/12	1.50%	1,282,000.00		1,282,000.00
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/21/10	12/20/11	12/19/12	1.50%	375,000.00		375,000.00
08-28	Improvements to the Water Treatment Plant	12/23/08	12/20/11	12/19/12	1.50%	500,000.00	18,000.00	482,000.00
08-28	Improvements to the Water Treatment Plant	12/22/09	12/20/11	12/19/12	1.50%	1,000,000.00		1,000,000.00
10-10	Water System Improvements	12/21/10	12/20/11	12/19/12	1.50%	200,000.00		200,000.00
						<u>\$ 3,432,000.00</u>	<u>\$ 22,000.00</u>	<u>\$ 3,410,000.00</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2010		Cancellation of Reserve for Encumbrances	Paid or Charged	Balance December 31, 2011	
				Funded	Unfunded			Funded	Unfunded
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 285,000.00	\$ 38,418.34			\$ 38,418.34		
03-18/08-26 08-48/10-18	Resurfacing and Up-grading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/4/08, 12/23/08, 07/12/10	1,870,000.00	\$ 36,575.90	\$ 18,864.47	\$ 21,645.26	\$ 33,795.11		
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03, 12/18/06	2,150,000.00	124,959.15			124,959.15	2,017,000.00	
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00	196,890.54		50,482.26		146,408.28	
10-10	Water System Improvements	04/26/10	300,000.00	126,487.61		13,236.76		113,250.85	
			\$ 163,377.49	\$ 2,376,954.05	\$ 18,864.47	\$ 85,364.28	\$ 163,377.49	\$ 2,310,454.24	

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2010</u>	\$ 111,450.63
<u>INCREASED BY</u>	
2011 Budget Appropriation	<u>50,000.00</u>
<u>BALANCE, DECEMBER 31, 2011</u>	\$ <u>161,450.63</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Balance December 31, 2010 and 2011</u>
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	\$ 24,000.00
03-36/06-43	Acquisition and Installation of Water Meters	2,017,000.00
10-10	Water System Improvements	<u>85,000.00</u>
		<u>\$ 2,126,000.00</u>

GENERAL FIXED ASSETS ACCOUNT

BOROUGH OF SOUTH RIVER
GENERAL FIXED ASSETS ACCOUNT
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS

	Balance December 31, 2011	Balance December 31, 2010
General Fixed Assets:		
Land	\$ 4,772,316.00	\$ 4,772,316.00
Buildings	8,869,935.00	8,869,935.00
Vehicles	6,458,286.31	6,294,892.66
Equipment	779,044.19	698,319.93
	\$ 20,879,581.50	\$ 20,635,463.59
 Investment in General Fixed Assets	 \$ 20,879,581.50	 \$ 20,635,463.59

STATISTICAL SECTION

**BOROUGH OF SOUTH RIVER
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	\$ 750,800.00	\$ 753,100.00	\$ 735,037.00	\$ 813,750.00	\$ 723,678.00	\$ 917,694.00	\$ 1,020,149.77	\$ 852,376.97	\$ 744,543.00	\$ 773,265.37
Public Safety	4,372,710.00	4,281,460.00	4,407,420.00	4,172,145.00	4,023,760.00	3,635,575.00	3,553,027.50	3,326,749.00	3,150,695.00	3,180,589.78
Public Works	2,086,650.00	2,096,150.00	1,933,245.00	1,952,389.77	1,890,463.00	1,842,763.00	1,878,552.50	1,722,954.00	1,561,718.00	1,472,553.72
Utility Expense and Bulk Purchases	445,000.00	385,000.00	380,600.00	394,900.00	298,500.00	347,100.00	331,165.00	352,566.00	319,204.00	286,195.00
Land Use	63,705.00	48,105.00	78,700.00	34,507.00	35,430.00	55,200.00	47,400.00	31,725.00	40,275.00	33,688.23
Sanitary Landfill	530,000.00	515,000.00	500,000.00	490,000.00	475,304.00	460,000.00	460,000.00	460,000.00	452,700.00	430,000.00
Insurance	1,555,000.00	1,585,000.00	1,459,000.00	1,348,500.00	1,436,000.00	1,339,018.00	1,210,785.00	1,091,460.00	946,870.00	783,695.00
Health and Human Services	259,407.00	259,301.00	225,058.00	188,721.00	169,325.00	161,750.00	151,090.00	150,115.00	151,867.00	143,192.50
Parks and Recreation	442,300.00	509,650.00	479,362.00	390,940.00	386,265.00	395,900.00	321,513.00	281,695.00	231,860.00	266,314.18
Education	561,000.00	561,000.00	558,283.00	570,178.00	530,962.00	460,855.00	402,800.00	352,972.00	307,000.00	270,000.00
Deferred Charges and Statutory Expenditures	1,353,321.00	1,131,592.49	1,019,983.91	1,005,515.57	885,052.00	686,300.00	566,753.00	513,144.24	389,719.39	404,345.22
Grants	178,552.82	172,577.56	218,999.51	50,715.21	621,203.90	120,822.85	134,386.74	206,294.20	83,749.21	92,167.39
Capital Improvements	75,000.00	150,000.00	187,000.00	224,787.88	327,000.00	125,000.00	87,000.00	87,000.00	300,000.00	692,500.00
Debt Service	1,637,035.00	1,446,398.00	1,461,686.00	1,412,797.00	1,438,283.00	1,661,408.00	1,471,375.59	1,341,948.35	1,359,529.11	1,375,079.26
Sewer	1,186,630.00	1,101,163.00	992,126.00	914,074.00	770,000.00	860,000.00	841,000.00	771,673.03	686,000.00	715,000.00
Contingent Judgements	1,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	71,000.00	1,000.00	1,000.00	1,000.00
Reserve for Uncollected Taxes	750,790.97	738,942.47	739,433.37	665,571.82	621,797.20	569,231.30	544,486.42	501,511.03	473,130.50	496,801.11
	\$ 16,253,401.79	\$ 15,736,939.52	\$ 15,378,413.79	\$ 14,651,992.05	\$ 14,635,523.10	\$ 13,658,617.15	\$ 13,093,484.52	\$ 12,045,193.82	\$ 11,239,860.21	\$ 11,416,367.76

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating	\$ 11,615,000.00	\$ 11,544,800.00	\$ 11,347,300.00	\$ 11,218,000.00	\$ 7,142,000.00	\$ 7,010,000.00	\$ 6,948,415.00	\$ 6,688,400.00	\$ 6,555,162.00	\$ 6,343,000.00
Capital Improvements	300,000.00	125,000.00	100,000.00	239,500.00	125,000.00	125,000.00	150,000.00	125,000.00	100,000.00	100,000.00
Debt Service	964,538.00	967,691.00	942,402.00	644,503.00	516,000.00	419,788.00	265,585.00	254,497.00	237,897.50	241,128.00
Deferred Charges and Statutory Expenditures	244,578.00	212,150.00	195,951.00	169,615.00	122,100.00	110,000.00	90,000.00	77,600.00	270,338.00	62,500.00
Surplus - General Budget	443,000.00	443,000.00	443,000.00	689,000.00	689,000.00	689,000.00	609,000.00	608,503.00	400,000.00	320,000.00
Other			4,362.97							
	<u>\$ 13,567,116.00</u>	<u>\$ 13,292,641.00</u>	<u>\$ 13,033,015.97</u>	<u>\$ 12,271,618.00</u>	<u>\$ 8,594,100.00</u>	<u>\$ 8,353,788.00</u>	<u>\$ 8,063,000.00</u>	<u>\$ 7,754,000.00</u>	<u>\$ 7,563,397.50</u>	<u>\$ 7,066,628.00</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
EXPENDITURES BY FUNCTION
FOR THE LAST FISCAL YEAR
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

<u>Function</u>	<u>Fiscal Year</u> <u>2011</u>
Operating	\$ 12,650.00
Deferred Charges and Statutory Expenditures	<u>350.00</u>
	<u>\$ 13,000.00</u>

* GASB requires that ten years of statistical data be presented. Beginning in FY 2011 only statistical data for one (1) year was presented since the Parking Utility was established in 2011. Each year thereafter, an additional year's data will be included until ten years of data is presented.

**BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating	\$ 2,535,500.00	\$ 2,577,000.00	\$ 2,328,500.00	\$ 2,408,509.00	\$ 2,125,000.00	\$ 1,982,000.00	\$ 1,862,000.00	\$ 1,781,000.00	\$ 1,542,102.00	\$ 1,429,000.00
Capital Improvements	200,000.00	190,000.00	115,000.00	116,000.00	100,000.00	100,000.00	65,000.00	115,000.00	112,800.00	175,000.00
Debt Service	626,079.00	604,101.00	615,473.00	560,330.00	537,714.00	575,055.00	574,068.00	585,436.56	576,159.13	592,325.00
Deferred Charges and Statutory Expenditures	223,051.00	125,261.00	137,384.00	107,723.00	77,286.00	67,000.00	93,000.00	48,000.00	45,098.00	38,400.00
Surplus - General Budget			4,312.00					139,041.00		
Other										
	<u>\$ 3,584,630.00</u>	<u>\$ 3,496,362.00</u>	<u>\$ 3,200,669.00</u>	<u>\$ 3,192,562.00</u>	<u>\$ 2,840,000.00</u>	<u>\$ 2,724,055.00</u>	<u>\$ 2,594,068.00</u>	<u>\$ 2,668,477.56</u>	<u>\$ 2,276,159.13</u>	<u>\$ 2,234,725.00</u>

**BOROUGH OF SOUTH RIVER
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Source	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Surplus Anticipated	\$ 1,126,612.23	\$ 905,858.14	\$ 646,000.00	\$ 1,225,000.00	\$ 1,425,000.00	\$ 1,700,000.00	\$ 1,300,000.00	\$ 612,000.00	\$ 535,000.00	\$ 764,297.00
Taxes (1)	8,489,749.20	8,495,894.89	8,352,502.40	8,282,108.87	7,108,245.61	6,688,853.32	6,613,132.86	5,564,698.27	5,208,883.02	5,047,674.74
Delinquent Taxes	672,115.20	517,149.45	693,199.29	481,303.10	471,025.09	306,920.92	285,576.04	478,441.19	378,747.06	407,031.93
Miscellaneous	5,177,658.01	4,814,507.97	4,768,692.39	3,313,396.98	4,074,231.05	3,941,729.05	3,787,868.92	4,439,464.51	3,950,743.72	4,034,852.30
State Aid	825,291.00	825,291.00	1,037,449.00	1,334,050.00	1,210,798.00	1,409,136.00	1,459,136.00	1,349,136.00	1,304,541.58	1,301,149.00
State and Federal Grants	173,552.82	167,577.56	213,999.51	45,715.21	611,903.90	127,272.85	130,086.74	202,159.20	66,864.21	85,892.39
Non-budget Revenues										
and Other Items	1,054,637.96	972,529.47	1,035,619.94	735,076.11	705,608.24	570,722.10	627,446.04	394,847.53	490,842.93	319,950.82
	\$ 17,519,616.42	\$ 16,698,808.48	\$ 16,747,462.53	\$ 15,416,650.27	\$ 15,606,911.89	\$ 14,744,634.24	\$ 14,203,246.60	\$ 13,040,546.70	\$ 11,935,622.52	\$ 11,954,848.18

(1) Excludes tax allocated to county and school.

BOROUGH OF SOUTH RIVER
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>Borough</u>		<u>School</u>	<u>County</u>		<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
	<u>Regular</u>	<u>Library</u>		<u>Regular</u>	<u>Open Space</u>			
2011	\$ 1.863	\$ 0.123	\$ 3.439	\$ 1.130	\$ 0.111	\$ 6.666	97.58%	2.71%
2010	1.987		3.281	1.057	0.076	6.401	97.37%	2.94%
2009	1.938		3.145	1.047	0.119	6.249	97.92%	2.33%
2008	1.945		3.137	1.034	0.121	6.237	97.41%	2.74%
2007	1.626		3.144	0.965	0.115	5.850	98.10%	2.11%
2006	1.548		3.015	0.868	0.099	5.530	97.82%	2.22%
2005	1.477		2.787	0.819	0.087	5.170	98.56%	1.64%
2004	1.252		2.510	0.822	0.076	4.660	98.54%	1.68%
2003	1.195		2.409	0.778	0.068	4.450	97.93%	2.78%
2002	1.148		2.366	0.735	0.061	4.310	98.05%	2.83%

Source: Tax Collector.

BOROUGH OF SOUTH RIVER
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2011	\$ 28,202,908.07	\$ 27,522,627.54	97.58%
2010	27,258,681.92	26,541,537.70	97.37%
2009	26,694,630.46	26,140,465.75	97.92%
2008	26,615,158.87	25,925,228.93	97.41%
2007	24,964,954.51	24,490,127.33	98.10%
2006	23,581,041.91	23,066,888.76	97.82%
2005	22,161,429.88	21,842,889.76	98.56%
2004	19,876,318.60	19,585,552.15	98.54%
2003	18,903,296.03	18,511,958.96	97.93%
2002	18,241,822.90	17,886,154.74	98.05%

BOROUGH OF SOUTH RIVER
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2011	\$ 149,613.83	\$ 613,734.94	\$ 763,348.77	2.71%
2010	132,592.22	669,440.05	802,032.27	2.94%
2009	106,975.25	515,816.70	622,791.95	2.33%
2008	50,301.80	680,019.42	730,321.22	2.74%
2007	55,090.92	469,438.26	524,529.18	2.11%
2006	45,259.86	477,204.08	522,463.94	2.22%
2005	50,099.98	314,175.07	364,275.05	1.64%
2004	50,663.02	283,052.10	333,715.12	1.68%
2003	121,288.86	405,089.10	526,377.96	2.78%
2002	160,985.09	355,334.48	516,319.57	2.83%

BOROUGH OF SOUTH RIVER
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Aggregate</u> <u>Assessed</u> <u>Valuations</u> <u>of Real</u> <u>Property</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed</u> <u>to Estimated</u> <u>Full Cash</u> <u>Valuations</u>
2011	\$ 422,492,500	\$ 1,441,461,958	29.31%
2010	425,276,000	1,562,365,907	27.22%
2009	426,503,200	1,616,767,248	26.38%
2008	426,344,400	1,674,565,593	25.46%
2007	426,021,600	1,710,243,276	24.91%
2006	425,531,400	1,592,557,635	26.72%
2005	426,946,300	1,382,150,534	30.89%
2004	425,288,200	1,207,861,971	35.21%
2003	423,222,700	1,058,321,330	39.99%
2002	421,749,500	917,844,396	45.95%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF SOUTH RIVER
SCHEDULE OF TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Assessed Value - 2011</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
LIT Northend, LLC	\$ 12,208,700	2.89%
Lighthouse South River LG LLC	2,350,000	0.56%
Emmess Apts., Ltd.	1,671,400	0.40%
East Coast Village Green Apartments	1,200,000	0.28%
425 Whitehead, LLC	980,000	0.23%
Felmore Associates	700,000	0.17%
MBCB Realty Family LTD Partnership	662,400	0.16%
Sherwood Court	633,100	0.15%
Patrick and Barbara DiNicola	622,500	0.15%
Rite Aid	<u>575,700</u>	<u>0.14%</u>
	<u>\$ 21,603,800</u>	<u>5.12%</u>
Sherwood Court		

Source: Municipal Tax Collector.

BOROUGH OF SOUTH RIVER
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Average Equalized Valuation	\$ <u>1,540,198,371.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation Basis	\$ 53,906,942.99
Net Debt	<u>20,446,102.87</u>
Remaining Borrowing Power	\$ <u>33,460,840.12</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of South River	\$ <u>58,782,261.77</u>	\$ <u>38,336,158.90</u>	\$ 20,446,102.87
Overlapping Debt Apportioned to the Municipality: County of Middlesex (\$639,968,209 at 1.4799) (1)			<u>9,795,021.00</u>
			\$ <u>30,241,123.87</u>

Source: (1) County of Middlesex Director of Finance.

BOROUGH OF SOUTH RIVER
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population</u>	<u>Equalized</u> <u>Valuation (3)</u>	<u>Net</u> <u>Debt (4)</u>	<u>Ratio of Net</u> <u>Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2011	16,008 (1)	\$ 1,441,461,958.00	\$ 34,923,696.77	2.42%	\$ 2,181.64
2010	16,008 (1)	1,562,365,907.00	37,658,753.15	2.41%	2,352.50
2009	15,322 (2)	1,616,767,248.00	35,540,324.17	2.20%	2,319.56
2008	15,322 (2)	1,674,565,593.00	37,492,645.49	2.23%	2,446.98
2007	15,322 (2)	1,710,536,658.00	27,524,134.73	1.61%	1,796.38
2006	15,322 (2)	1,592,887,531.00	23,033,485.11	1.45%	1,503.29
2005	15,322 (2)	1,382,565,462.00	24,905,131.28	1.80%	1,625.45
2004	15,322 (2)	1,208,401,437.00	24,143,903.33	1.99%	1,575.77
2003	15,322 (2)	1,058,916,663.00	22,507,217.96	2.13%	1,468.95
2002	15,322 (2)	917,844,396.00	19,342,649.74	2.10%	1,262.41

(1) Based on the 2010 U.S. Census.

(2) Based on the 2000 U.S. Census.

(3) Per the State of New Jersey only Real Property included.

(4) Per Annual Debt Statement, including self-liquidating debt.

BOROUGH OF SOUTH RIVER
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Governmental</u> <u>Fund Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2011	\$ 1,120,672.50	\$ 512,991.33	\$ 1,633,663.83	\$ 16,253,401.79	10.05%
2010	951,278.17	475,765.21	1,427,043.38	15,736,939.52	9.07%
2009	891,883.85	566,313.91	1,458,197.76	15,378,413.79	9.48%
2008	852,489.53	549,373.93	1,401,863.46	14,651,992.05	9.57%
2007	856,095.21	581,187.60	1,437,282.81	14,635,523.10	9.82%
2006	1,128,211.07	528,175.61	1,656,386.68	13,658,617.15	12.14%
2005	1,008,796.33	447,890.66	1,456,686.99	13,093,484.52	11.14%
2004	922,180.59	415,423.87	1,337,604.46	12,045,193.82	11.11%
2003	902,368.85	453,772.23	1,356,141.08	11,239,860.21	12.08%
2002	899,426.00	474,731.47	1,374,157.47	11,416,367.76	12.05%

(1) Excludes Electric, Water and Parking Utilities and Special Assessment Debt.

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
ELECTRIC UTILITY OPERATING FUND

Cash Receipts from Fees, Rents and Other Charges		\$ 15,050,100.51
Deductions:		
Operating and Maintenance Cost	\$ 11,859,578.00	
Debt Service	<u>961,612.43</u>	
Total Deductions		<u>12,821,190.43</u>
Excess in Revenues		<u>\$ 2,228,910.08</u>

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
PARKING UTILITY OPERATING FUND
(INCEPTION YEAR)

Cash Receipts from Fees, Rents and Other Charges		\$ 6,409.14
Deductions:		
Operating and Maintenance Cost	\$ 13,000.00	
Debt Service	<u>None</u>	
Total Deductions		<u>13,000.00</u>
Excess/(Deficit) in Revenues		<u>\$ (6,590.86)</u>

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
WATER UTILITY OPERATING FUND

Cash Receipts from Fees, Rents and Other Charges		\$ 4,032,567.54
Deductions:		
Operating and Maintenance Cost	\$ 2,683,551.00	
Debt Service	<u>579,709.28</u>	
Total Deductions		<u>3,263,260.28</u>
Excess in Revenues		<u>\$ 769,307.26</u>

BOROUGH OF SOUTH RIVER
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u>	<u>Unemployment</u> <u>Rate (3)</u>	<u>Housing</u> <u>Unit</u> <u>Counts (4)</u>	<u>Per Capita</u> <u>Income</u>
2011	16,008 (1)	11.6%	4,425	\$ N/A
2010	16,008 (1)	11.9%	4,426	N/A
2009	15,322 (2)	11.9%	4,418	N/A
2008	15,322 (2)	7.7%	4,409	N/A
2007	15,322 (2)	5.8%	4,410	N/A
2006	15,322 (2)	6.6%	4,405	N/A
2005	15,322 (2)	6.5%	4,406	N/A
2004	15,322 (2)	5.1%	4,409	N/A
2003	15,322 (2)	6.1%	4,405	23,684 (2)
2002	15,322 (2)	6.2%	4,403	23,684 (2)

(1) 2010 U.S. Census.

(2) 2000 Census

(3) NJ Department of Labor

(4) Borough Tax Collector's Office

BOROUGH OF SOUTH RIVER
MISCELLANEOUS STATISTICS
DECEMBER 31, 2011

Date of Incorporation	1898		
Form of Government		Borough	
Area		2.87 square miles	
		<u>Full Time</u>	<u>Part Time</u>
Employees:			
Administrative		21	9
Police		39	7
Crossing Guards			14
Public Works		34	2
Parks and Recreation		6	26
Volunteer Firemen			100
Emergency Medical Service - Volunteers			30
Other (part time employees)			13
		<hr/>	<hr/>
Total Employees		<u>100</u>	<u>201</u>

Source: Borough Records.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2011

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

N.J.S. 40A:11-4 states "every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500.00, due to the absence of a Qualified Purchasing Agent (QPA), except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Library Renovation/Addition	Utility Billing Services
Sewer Jet Vac with A Catch Basin Cleaner	Installation of Improvements to Leonardine Park
Hydraulic Digger Derrick	911 Dispatch Communication Center Furniture
Electric Utility Department Materials	Janitorial Services
Property Maintenance	Electric Utility Shed
Preventative Maintenance to Willett Avenue	

In addition, the following items were purchased under State Contract:

Fire Equipment	Three (3) New Police Cars
Tires	Gasoline and Fuel Oil
Purchase of Copymachines	911 Dispatch Communication Center Furniture
Lights for Police Vehicles	Police Equipment
Computer Hardware and Software	

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2011

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

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

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The Borough, on January 1, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, it is advisable that taxes and other assessments be paid promptly so to enable the Borough to meet its obligations as they fall due and payable; and

WHEREAS, N.J.S.A. 40A:54-5-67, as amended, permits a municipality to charge interest on delinquent taxes and assessments; and

WHEREAS, the Borough Council has decided that such stated interest rate shall prevail for 2011, as set forth in said Statute, be charged on any such delinquent taxes and/or assessments; and

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Borough Council of the Borough of South River in the County of Middlesex, New Jersey, that the following interest rates shall be charged:

8% per annum on the first \$1,500.00 of such delinquency;
18% per annum on any amount in excess of said \$1,500.00; and

BE IT FURTHER RESOLVED that a penalty of 6% of the amount of the delinquency with interest included, shall be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay said delinquency prior to the end of the year.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2011

Collection of Interest on Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED that the Tax Collector of the Borough of South River is hereby authorized to allow a ten (10) day grace period (taxes are due quarterly - February 1st, May 1st, August 1st and November 1st) and if unpaid within the ten (10) days after these dates, the account becomes delinquent and subject from the due date at the interest rate above mentioned.

It appears, from an examination of the Tax Collector's records, that interest was collected in accordance with the foregoing ordinance for delinquent taxes with minor exceptions.

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2011 is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2011, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report. Minor adjustments were required to bring balances into agreement with the correct amount. The detail of unpaid prior year's taxes and tax title liens is being properly carried in the Tax Collector's records.

The last tax sale was held on December 28, 2011 and was complete with respect to taxes.

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

<u>Year</u>	<u>Number of Liens</u>		
	<u>Tax</u>	<u>Water</u>	<u>Electric</u>
2011	15	6	3
2010	12	5	2
2009	9	4	2

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2011

Delinquent Electric and Water Utility Rents

The Borough contracts with a private independent service company to handle the billing, collection and inquiry phase of the Borough's two (2) utilities.

Outside Service – Internal Procedures

The Borough's outside service for Utility billings and collections is required to file a "Report on Description of the Organization's System and the Suitability of the Design and Operating Effectiveness of Controls for the billing processing system in accordance with SSAE #16".

Water Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit E-1), have been proven to the detail as maintained by the outside service for utility billings and collections on file in the Water Utility Collector's office.

Electric Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit E-1) has been proven to the detail as maintained by the outside service for utility billings and collections on file in the Electric Utility Collector's office.

In late 2011 the Borough enacted a Power Cost Adjustment (PCA) to the electric bills that provided for a reduction in the fees to customers. The Borough has a rate ordinance that allows for periodic adjustment to the electric rates charged to customers based on the increased cost of the power purchased (fuel adjustment). It is not clear from the ordinance what the formal mechanism is to enact the adjustment, how such adjustment is finalized and the frequency and length of the adjustment. Consideration needs to be given to amending the ordinance language to conform to the practice. We have been advised that this matter is under review by the appropriate officials for clarification.

OTHER COMMENTS
DECEMBER 31, 2011

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as of December 31, 2011 and June 30, 2012 in connection with the supplemental reconciliations.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the books and records or to such schedules of receipts and disbursements provided for audit.

Revenues

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

During 2011 there was turnover of key personnel in the Recreation Department. In 2011 the administration had recognized a problem existed with program registration and purchased specialized recreation program software which would potentially serve to enhance the accounting control requirement compliance.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements have been adhered to.

Payroll

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

Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

The Borough utilizes an outside vendor as a service bureau for the processing and transmitting of the Borough's net payroll and payroll (withholding) agencies. On file at the Borough is the Service Organization Control (SOC 1) Report – Payroll Service in accordance with SSAE #16

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2011

Miscellaneous Comments

Interfunds Receivable/Payable

There is one interfund receivable/payable which relates to the Grant Fund which is caused by the Fund not having a checking account requiring the activity to be accounted for in the Current Fund.

Trust Other

There is a Due from Vendors on the Trust Other Funds record which is a result of advances from police off duty services but reimbursed by contractor to the Borough. This matter should be reviewed for future correction in order to minimize the amount receivable and reduce risk of loss. Substantially all of the balance has been collected as of the date of this report.

It should be noted that a review of all Trust Other activity is performed on an annual basis.

The planning and zoning cash receipts records need to be improved in order to enhance the reconciliation to the Treasurer's records.

Surety Bonds

Surety Bonds were tested as part of our normal annual audit procedures. The Surety Bonds for the Tax Collector, Municipal Court Employees and Chief Financial Officer were tested for adequacy and deemed to be sufficient.

Grants

Grants receivable, appropriated reserves and unappropriated reserves should be reviewed on an ongoing basis for utilization or refund to the grant source.

General Ledger

The general ledger for 2011 was presented in accordance with acceptable accounting control standards and in accordance with the State of New Jersey technical directives related to general ledgers.

Construction Code Official

Our examination of the Uniform Construction Code Annual Report revealed the revenues for 2011 in accordance with the report were \$190,552.00 and expenditures were \$197,974.95. The excess of expenditures over revenues needs to be reviewed for corrective action. The statutes require that the revenue of the department be sufficient to support the expenditures. In March of 2012 the Borough amended the fee ordinance to adjust the fees to bring more into compliance with the requirement.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2011

Miscellaneous Comments (Continued)

Other

The payment made and amount due to the Local School District as of December 31, 2011 was verified by the School Board Secretary.

The Borough appropriates and pays the annual "Maintenance of the Free Public Library" budget appropriation and other expenses periodically to the Library Board of Trustees. The audit report for the Borough of South River Free Public Library as of December 31, 2011 is in process at this time.

The Borough by referendum authorized a Length of Service Awards Program (LOSAP) which is accounted for in a separate and distinct fund from the Borough. A separate Accountant's Review Report has been prepared for its operations as of December 31, 2011.

Financial Procedure Review

It is suggested that for all financial processes within each department and for every borough function related to finance that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control. It is essential to the operation of an entity the size of the Borough that compliance with the procedures be emphasized and adhered in order to avoid errors, misunderstandings, assist in periods of employee turnover and prevent an early warning system for defalcation.

Appreciation

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

A formal exit conference, in accordance with audit requirements generally accepted in the United States of America, has been held on the contents of this audit with the appropriate Borough Officials.

Corrective Action Plan

A corrective action plan was not required for the 2010 audit since there were no recommendations and no plan of action is required for 2011 as a similar condition exists.

RECOMMENDATIONS
DECEMBER 31, 2011

None.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'G. Stankiewicz', written over a light blue horizontal line.

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For the Firm
SAMUEL KLEIN AND COMPANY