

BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

DECEMBER 31, 2013

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

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BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Union Beach
County of Monmouth
Union Beach, New Jersey 07735

Report on the Financial Statements

We have audited the accompanying consolidated financial statements - regulatory basis of the various funds and account groups of the Borough of Union Beach (the "Borough"), which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related consolidated statement of revenues - regulatory basis and consolidated statement of expenditures - regulatory basis of the various funds for the year ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (The "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

As discussed more fully in Note 1, the Borough prepares its basic consolidated financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, 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. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's financial statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 33% of the assets and liabilities as of December 31, 2013 of the Borough's Trust Fund. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2013, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2013 on the basis of accounting described in Note 1.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2014 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Robert A. Hulsart and Company

**Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158**

June 25, 2014

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

BALANCE SHEET

Exhibit A
Sheet 1 of 2

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2013</u>
Cash:		
Treasurer	A-4	\$ 3,431,931.71
Tax Collector	A-5	300,537.37
Borough Clerk	A-6	0.32
Change Fund		50.00
		<u>3,732,519.40</u>
Due From State of New Jersey Veterans and Senior Citizens	A-8	<u>37,270.03</u>
Receivables With Full Reserves:		
Delinquent Taxes	A-7	303,386.64
Prepaid School Taxes	A-4	63,712.19
Property Acquired for Taxes	A-12	2,191,000.00
Demolition Lien	A-9	14,508.12
Community Disaster Loans	A-2	622,000.00
Interfunds:		
Dog Trust	A-21	6,833.53
		<u>3,201,440.48</u>
Deferred Charges:		
Special Emergency N.J.S.;40A:4-53	A-3	4,974,494.00
		<u>11,945,723.91</u>
<u>State and Federal Grants</u>		
Interfund Current	Contra	312,633.76
Grants Receivable	A-18	1,035,723.39
		<u>1,348,357.15</u>
Total Assets		<u>\$ 13,294,081.06</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

BALANCE SHEET

REGULATORY BASIS

Exhibit-A
Page 2 of 2

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Ref.</u>	<u>Balance</u> <u>December 31, 2013</u>
<u>Liabilities, Reserves and Fund Balance</u>		
Appropriation Reserves	A-3	\$ 119,164.64
Encumbrances	A-3	93,500.00
Reserve For Insurance Claims	A-4	112,079.30
Reserve For FEMA Funds	A-4	308,369.57
Reserve For Revaluation	A-3	246,000.00
Reserve For Hurricane Sandy Expenditures		386.26
Due to General Capital Fund	A-4,C	455,293.51
Added Taxes Due County	A-14	5,610.84
Interfund-SUI	B	14,326.43
Due to Sewer Utility fund	D	876,335.84
Tax Overpayments	A-10	43,592.67
Due to State of N.J.		15,066.02
Prepaid Taxes	A-5,7	68,797.20
Due to Trust - Other	B	18,390.64
Emergency Note Payable	A-4	4,974,494.00
Reserve For Tax Appeals	A-17	396,823.06
Due to Grant Fund	Contra	312,633.76
Accounts Payable		109,978.87
Total Liabilities		<u>8,170,842.61</u>
Reserve for Receivables		3,201,440.48
Fund Balance	A-1	573,440.82
		<u>11,945,723.91</u>
<u>Federal and State Grant Fund</u>		
Interfund General Capital	C	60,289.14
Appropriation Reserves	A-19	1,243,801.69
Unappropriated Reserves	A-20	44,266.32
		<u>1,348,357.15</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,294,081.06</u>

CURRENT FUND

STATEMENT OF OPERATIONS AND CHANGE

IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>
Fund Balance Anticipated	A-2	\$ 470,000.00
Miscellaneous Revenue Anticipated	A-2	5,423,539.32
Receipts from Delinquent Taxes	A-2	295,209.69
Receipts from Current Taxes	A-2	13,259,433.74
Non-Budget Revenue	A-2	209,994.81
Other Credits to Income:		
Appropriation Reserves Lapsed	A-16	261,099.29
Budget Appropriations Cancelled	A-3	41,178.00
		<u>19,960,454.85</u>
<u>Expenditures</u>		
Budget Appropriations:		
Inside CAP:		
Salaries and Wages	A-3	3,422,910.00
Other Expenses	A-3	6,394,800.00
Deferred Charges and Statutory Expenditures	A-3	646,929.00
Outside CAP:		
Other Expenses	A-3	1,710,011.82
Capital Improvements	A-3	93,700.00
Debt Service	A-3	864,000.00
Deferred Charges	A-3	1,825,506.00
County Taxes	A-14	1,632,424.89
Local District School Taxes	A-13	5,985,425.00
Interfunds Advanced		68,879.54
Tax Appeals	A-4	300,000.00
		<u>22,944,586.25</u>
Adjustment of Expenditures Which are Charges to Subsequent Year	A-3	3,500,000.00
Adjusted Expenditures		<u>19,444,586.25</u>
Excess in Revenue		515,868.60
Fund Balance January 1	A	527,572.22
		<u>1,043,440.82</u>
Decreased by:		
Utilized as Anticipated Revenue	A-2	470,000.00
Fund Balance December 31	A	<u>\$ 573,440.82</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-2
Sheet 1 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 470,000.00	470,000.00	-
Miscellaneous Revenue				
Licenses:				
Alcoholic Beverages	A-15	5,000.00	4,350.00	(650.00)
Fees and Permits	A-15	31,000.00	40,842.09	9,842.09
Municipal Court	A-15	100,000.00	99,622.66	(377.34)
Interest and Costs on Taxes	A-15	43,000.00	46,260.40	3,260.40
Consolidated Municipal Property Tax Relief Aid	A-15	21,935.00	21,935.00	-
Energy Receipts Tax (P.L. 1997 Chapter 162 & 167)	A-15	644,511.00	644,510.81	(0.19)
Supplemental Energy Receipts Tax	A-15	20,981.00	20,981.00	-
Uniform Construction Code Fees	A-15	206,000.00	499,730.48	293,730.48
DDEF	A-15	1,904.06	1,904.06	-
Monmouth county workforce Development	A-18	243,171.39	243,171.39	-
Saturation Patrol Grant	A-18	12,800.00	12,800.00	-
Post Sandy Assistance Grant	A-18	30,000.00	30,000.00	-
Drive Sober or Get Pulled Over	A-18	8,800.00	8,800.00	-
Gateway Church Foundation	A-18	10,000.00	10,000.00	-
Robin Hood Foundation	A-18	1,145,000.00	1,145,000.00	-
Rotary Foundation District 7500	A-18	31,780.00	31,780.00	-
Driving While Intoxicated	A-18	900.00	900.00	-
Body Armor	A-18	1,638.85	1,638.85	-
FEMA Reimbursement	A-15	1,765,506.00	1,765,506.00	-
Community Disaster Loan	A-15	622,000.00	622,000.00	-
Recycling Tonnage	A-18	10,007.52	10,007.52	-
Cell Tower Rental	A-15	81,000.00	88,552.08	7,552.08
Cablevision Franchise Fee	A-15	45,000.00	40,003.00	-
Recycling Costs	A-15	4,700.00	20,776.98	16,076.98
Parking Meters	A-15	32,000.00	12,467.00	(19,533.00)
Total Miscellaneous Revenue	A-1	5,118,634.82	5,423,539.32	309,901.50
Receipts from Delinquent Taxes	A-1	245,000.00	295,209.69	50,209.69
Amount to be Raised by Taxes for Support of the Municipal Budget	A-2	5,911,972.00	5,629,334.85	(282,637.15)
Total General Revenues		11,745,606.82	11,818,083.86	77,474.04
Miscellaneous Revenue Not Anticipated	A-1	-	209,994.81	209,994.81
Total Revenues		\$ 11,745,606.82	12,028,078.67	287,468.85

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

Exhibit A-2
Sheet 2 of 2

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
<u>Allocation of Current Collections</u>				
Revenue from Collections	A-1		\$ 13,259,434.74	
Less: Allocated to School and County Taxes	A-1		7,617,849.89	
			<u>5,641,584.85</u>	
Add: Reserve for Uncollected Taxes	A-3		287,750.00	
			<u>5,929,334.85</u>	
Less: deduction for Tax Appeals	A-2		300,000.00	
			<u>\$ 5,629,334.85</u>	
<u>Miscellaneous Revenue Not Anticipated</u>				
Sewer Appropriation Reserve	A-4	\$ 24,887.74		
Accident Reports	A-4	895.00		
Police Department	A-4	308.05		
Premium on Note Sale	A-4	17.78		
Construction Excess	A-4	54,058.69		
View Finder	A-4	606.17		
Adm. Fee for Vets and Senior Citizens	A-4	1,200.00		
Death Certificates	A-4	50.00		
State DMV	A-4	3,037.00		
Verizon Franchise Fee	A-4	29,058.25		
Gas Reimbursement	A-4	5,750.66		
Workmen's Compensation	A-4	41,180.39		
Budget Refunds	A-4	15,732.79		
Vending Machines	A-4	1,294.00		
Insurance dividends	A-5	23,583.15		
Other	A-4	8,335.14		
Total Miscellaneous Revenue Not Anticipated	A-1			<u>\$ 209,994.81</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 1 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
General Government					
Administrative and Executive:					
Salaries and Wages - Governing Body	\$ 37,000.00	37,000.00	37,000.00	-	
Salaries and Wages - Borough Clerk's Office	86,275.00	86,275.00	81,372.08	4,902.92	
Salaries and Wages-Administrator's Office	96,000.00	96,000.00	96,000.00	-	
Other Expenses	30,000.00	40,000.00	38,488.16	1,511.84	
Office Supplies	70,000.00	60,000.00	56,968.59	3,031.41	
Election:					
Salaries and Wages	2,400.00	2,400.00	2,400.00	-	
Other Expenses	3,750.00	2,500.00	2,500.00	-	
Financial Administration:					
Salaries and Wages	52,000.00	52,000.00	52,000.00	-	
Other Expenses	49,000.00	49,000.00	48,606.50	393.50	
Audit Contract	37,500.00	37,500.00	37,500.00	-	
Assessment of Taxes:					
Salaries and Wages	17,100.00	17,100.00	14,750.04	2,349.96	
Other Expenses	3,500.00	2,500.00	2,496.94	3.06	
Collection of Taxes:					
Salaries and Wages	59,250.00	59,250.00	59,204.93	45.07	
Other Expenses	12,000.00	7,000.00	2,739.41	4,260.59	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	200.00	200.00		200.00	
Legal Services and Costs:					
Salaries and Wages	45,000.00	45,000.00	45,000.00	-	
Other Expenses	130,000.00	115,000.00	112,699.09	2,300.91	
Engineering Services and Costs:					
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	
Other Expenses	69,000.00	76,000.00	75,984.41	15.59	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH
CURRENT FUND

Exhibit A-3
 Sheet 2 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>General Government (Continued)</u>					
Public Building and Grounds:					
Salaries and Wages	237,500.00	237,500.00	220,618.31	16,881.69	
Other Expenses	82,000.00	82,000.00	80,163.25	1,836.75	
Parks and Playgrounds:					
Other Expenses	4,000.00	4,000.00	4,000.00	-	
Zoning/Planning Costs:					
Salaries and Wages	9,000.00	9,000.00	9,000.00	-	
Other Expenses	10,300.00	10,300.00	9,241.75	1,058.25	
Heritage Committee:					
Other Expenses	125.00	125.00		125.00	
Borough Prosecutor:					
Salaries and Wages	28,100.00	28,100.00	24,999.97	3,100.03	
Other Expenses	150.00	150.00		150.00	
Codification of Ordinances-Other Expenses					
Revaluation-Other Expenses					
<u>Public Safety</u>					
Fire:					
Aid to Volunteer Companies	120,000.00	120,000.00	120,000.00	-	
Hydrant Service	120,000.00	120,000.00	111,700.20	8,299.80	
Alarms	9,000.00	9,000.00	3,880.95	5,119.05	
Police:					
Salaries and Wages	2,025,285.00	2,145,285.00	2,144,960.06	324.94	
Other Expenses	70,000.00	79,000.00	78,023.63	976.37	
Parking Meters	5,000.00	5,000.00	4,098.55	901.45	
Bayshore Task Force:					
Other Expenses	2,300.00	2,300.00	2,000.00	300.00	
Bayshore Strike Force:					
Other Expenses	4,300.00	4,300.00		4,300.00	
Hurricane Sandy					
Other Expenses		3,500,000.00	3,500,000.00		

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 3 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public Safety (Continued)</u>					
Emergency Management Service:					
Other Expenses	6,000.00	6,750.00	6,585.19	164.81	
Life Hazard Use Fees:					
Other Expenses	150.00	150.00		150.00	
First Aid Organization:					
Contribution	40,000.00	40,000.00	40,000.00	-	
Clothing Allowance	2,000.00	2,000.00	2,000.00	-	
<u>Public Works</u>					
Road Repairs and Maintenance:					
Salaries and Wages	315,000.00	315,000.00	308,827.31	6,172.69	
Other Expenses	55,000.00	55,000.00	54,275.65	724.35	
Garbage and Trash Removal - Contractual	200,000.00	200,000.00	199,220.00	780.00	
Landfill Closure Aid (P.L. - 1981 c.396) Monitoring Wells	500.00	500.00		500.00	
Landfill Charge - Taxes	300,000.00	220,000.00	216,892.10	3,107.90	
Recycling Costs:					
Salaries and Wages	75,000.00	75,000.00	67,325.65	7,674.35	
Other Expenses	80,000.00	80,000.00	77,720.49	2,279.51	
<u>Health and Welfare</u>					
Board of Health:					
Salaries and Wages	44,000.00	44,000.00	43,677.30	322.70	
Other Expenses	5,500.00	3,000.00	2,272.00	728.00	
Rodent Extermination and Control:					
Other Expenses	500.00	500.00		500.00	
Recreation and Education:					
Senior Citizens	750.00	750.00	750.00	-	
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Bayshore Youth Service Bureau:					
Other Expenses	10,000.00	10,000.00	8,738.01	1,261.99	
Community Celebrations					
Other Expenses	5,000.00	5,000.00	5,000.00		
Drug Alliance Program:					
Other Expenses	3,000.00	3,000.00	3,000.00		

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 4 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Year Ending 2013 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Health and Welfare (Continued)					
Bayshore Senior Center:					
Other Expenses	675.00	675.00		675.00	
Municipal Court:					
Salaries and Wages	70,000.00	70,500.00	70,146.17	353.83	
Other Expenses	10,000.00	8,500.00	5,026.68	3,473.32	
Public Defender (P.L. 1997, c. 256):					
Salaries and Wages	4,000.00	4,000.00	3,999.97	0.03	
Other Expenses	100.00	100.00		100.00	
Liability Insurance					
Worker's Compensation	142,000.00	142,000.00	142,000.00		
Employee Group Insurance	215,000.00	215,000.00	214,435.16	564.84	
Insurance Waiver	644,000.00	644,000.00	643,992.61	7.39	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	10,000.00	10,000.00	10,000.00	-	
Uniform Construction Code:					
Salaries and Wages	71,500.00	71,500.00	69,805.67	1,694.33	
Other Expenses	20,000.00	20,000.00	19,571.93	428.07	
Code Enforcement:					
Salaries and Wages	25,000.00	25,000.00	24,999.97	0.03	
Other Expenses	2,500.00	2,500.00	2,023.85	476.15	
Unclassified:					
Electricity					
Gasoline	132,000.00	110,000.00	108,447.11	1,552.89	
Heating Gas	72,000.00	72,000.00	70,419.82	1,580.18	
Telephone	28,000.00	27,700.00	24,728.67	2,971.33	
Irrigation	37,000.00	27,000.00	25,273.91	1,726.09	
Accumulated Sick Leave & Vacation	11,000.00	11,300.00	11,236.82	63.18	
Total Operations Within "CAPS"	140,000.00	140,000.00	133,795.27	6,204.73	
Contingent	6,317,210.00	9,816,210.00	9,707,584.13	108,625.87	-
Total Operations Within "CAPS" Including Contingent	1,500.00	1,500.00	1,500.00	1,500.00	-
Total Operations Within "CAPS" Including Contingent	6,318,710.00	9,817,710.00	9,707,584.13	110,125.87	-

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 5 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Deferred Charges and Statutory Expenditures</u>					
<u>Municipal Within "CAPS"</u>					
Deferred Charges: Dog License Trust Fund	900.00	900.00	900.00	-	
Statutory Expenditures:					
Public Employees Retirement System	128,870.00	128,870.00	128,870.00		
Social Security System (O.A.S.I.)	275,000.00	276,000.00	274,054.10	1,945.90	
Police & Firemen's Retirement System	241,159.00	241,159.00	241,159.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	645,929.00	646,929.00	644,983.10	1,945.90	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,964,639.00	10,464,639.00	10,352,567.23	112,071.77	-
<u>Operations - Excluded From "CAPS"</u>					
Aid to Free Public Library	35,000.00	35,000.00	35,000.00	-	
Police - 911 System	12,000.00	12,000.00	12,000.00	-	
Police -Reverse 911 System	6,010.00	6,010.00	6,010.00	-	
Length of Service Awards Program	41,000.00	41,000.00	41,000.00	-	
Total Other Operations Excluded from "CAPS"	94,010.00	94,010.00	94,010.00	-	-
<u>Uniform Construction Code Appropriations Offset by Increased Fee Revenues(N.J.A.C. 5:23-4.17)</u>					
Uniform Construction Code :					
Salaries and Wages	115,000.00	115,000.00	115,000.00		
<u>Shared Services Agreements</u>					
Registrant Services-Keyport Borough	5,000.00	5,000.00	5,000.00		

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 6 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities Program					
Post Sandy Planning Assistance Grant	30,000.00	30,000.00	30,000.00	-	
Drive Sober or Get Pulled Over	8,800.00	8,800.00	8,800.00		
Body Armor	1,638.85	1,638.85	1,638.85		
DDEF	1,904.06	1,904.06	1,904.06		
Bayshore Saturation Patrol Grant	12,800.00	12,800.00	12,800.00		
Rotary Foundation District 7500	31,780.00	31,780.00	31,780.00		
Monmouth County Workforce Development	243,171.39	243,171.39	243,171.39		
Driving While Intoxicated	900.00	900.00	900.00		
Robin Hood Foundation	1,145,000.00	1,145,000.00	1,145,000.00		
Gateway Church	10,000.00	10,000.00	10,000.00		
Recycling Tonnage	10,007.52	10,007.52	10,007.52		
Total Public and Private Programs Offset by Revenues	<u>1,496,001.82</u>	<u>1,496,001.82</u>	<u>1,496,001.82</u>		
Total Operations Excluded from "CAPS"	<u>1,710,011.82</u>	<u>1,710,011.82</u>	<u>1,710,011.82</u>		
<u>Capital Improvements - Excluded From "CAPS"</u>					
Capital Improvement Fund	70,000.00	70,000.00	70,000.00		
Fire Department Equipment-Testing	9,000.00	9,000.00	2,471.95	6,528.05	
Council Chambers Equipment	4,200.00	4,200.00	3,899.51	300.49	
Fire Chiefs Vehicle	10,500.00	10,500.00	10,235.67	264.33	
Total Capital Improvement - Excluded From "CAPS"	<u>93,700.00</u>	<u>93,700.00</u>	<u>86,607.13</u>	<u>7,092.87</u>	
<u>Municipal Debt Service Excluded From "CAPS"</u>					
Payment of Bond Principals	405,000.00	405,000.00	405,000.00		2,485.00
Payment of Bond Anticipation Notes and Capital Notes	100,000.00	100,000.00	97,515.00		26,925.00
Interest on Bonds	133,000.00	133,000.00	106,075.00		4,634.48
Interest on Notes	95,000.00	95,000.00	90,365.52		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	87,000.00	87,000.00	86,600.24		399.76
N.J. Infrastructure Loan	44,000.00	44,000.00	37,266.24		6,733.76
Total Municipal Debt Service Excluded From "CAPS"	<u>864,000.00</u>	<u>864,000.00</u>	<u>822,822.00</u>		<u>41,178.00</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Year Ending 2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Deferred Charges					
Special Emergency Authorizations-5 Years (N.J.S. 40A:4-55)	1,825,506.00	1,825,506.00	1,825,506.00		
Total General Appropriations Excluded from "CAPS"	4,493,217.82	4,493,217.82	4,444,946.95	7,092.87	41,178.00
Subtotal General Appropriation Reserve for Uncollected Taxes	11,457,856.82	14,957,856.82	14,797,514.18	119,164.64	41,178.00
	287,750.00	287,750.00	287,750.00		
Total General Appropriations	\$ 11,745,606.82	\$ 15,245,606.82	\$ 15,085,264.18	119,164.64	41,178.00
		A-1		A	A-1
Budget Emergency		\$ 11,745,606.82			
		3,500,000.00			
		\$ 15,245,606.82			
Paid or Charged					
Disbursed			\$ 7,811,606.36		
Encumbrances			93,500.00		
Emergencies			1,825,506.00		
Hurricane Sandy			3,500,000.00		
Deferred Charges:					
Deficit in Animal Control			900.00		
Capital Improvement Fund			70,000.00		
Federal and State Grant Fund			1,496,001.82		
Reserve for Uncollected Taxes			287,750.00		
			\$ 15,085,264.18		

The accompanying Notes to Financial Statements are an integral part of this statement.

TRUST FUND

Exhibit B

BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>
<u>Dog License Fund</u>		
Deferred Charges - Deficit in Operations	B-2	\$ 6,834.13
		<u>6,834.13</u>
<u>Payroll</u>		
Cash	B-1	138,725.27
<u>Unemployment Trust</u>		
Cash	B-1	3,347.43
Due from Current Fund	A	14,326.43
		<u>17,673.86</u>
<u>Trust - Other</u>		
Cash	B-1	455,250.61
Due from Current Fund	B-13	18,390.64
		<u>473,641.25</u>
<u>Length of Service Award Programs - Unaudited</u>		
Investments		<u>312,091.42</u>
Total Assets		<u>\$ 948,965.93</u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Dog License Fund</u>		
Cash	B-1	\$ 0.60
Due to Current Fund	B-3	6,833.53
		<u>6,834.13</u>
<u>Payroll</u>		
Reserve for Payroll Agency		<u>138,725.27</u>
<u>Unemployment Trust</u>		
Reserve for Unemployment	B-4	<u>17,673.86</u>
<u>Trust - Other</u>		
Reserve for Performance Escrow	B-5	33,969.60
Reserve for Tax Title Liens	B-6	887.59
Reserve for National Night Out	B-8	1,285.12
Reserve for Law Enforcement Trust	B-9	4,654.63
Reserve for Tax Premium	B-7	158,415.23
Reserve for Special Duty Police	B-10	12,054.75
Reserve for Disaster Relief Fund	B-11	241,608.84
Reserve for Various Reserves	B-12	20,765.49
		<u>473,641.25</u>
<u>Length of Service Award Programs - Unaudited</u>		
Reserve for Length of Service Award Programs		<u>312,091.42</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 948,965.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

Exhibit C

BALANCE SHEET

REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>
Cash	C-2	\$ 51,836.00
Investment-Current Emergency Note	C-3	240,000.00
Grants Receivable	C-3	706,524.83
Due from Federal and State Grants Fund	C-3	60,289.14
Due From Current Fund		455,293.51
Deferred Charges to Future Taxation:		
Funded		3,871,721.40
Unfunded	C-4	5,286,659.00
		<hr/>
Total Assets		\$ 10,672,323.88
		<hr/> <hr/>
<u>Liabilities, Reserves and Fund Balance</u>		
Serial Bonds	C-7	\$ 2,714,000.00
Bond Anticipation Notes	C-5	5,782,384.00
N.J. Environmental Infrastructure Loan Payable	C-10	250,738.35
Capital Improvement Fund	C-8	1,850.70
Improvement Authorizations:		
Funded	C-6	2,400.00
Unfunded	C-6	895,658.55
Green Acres Loan	C-12	906,983.05
Reserve for Debt Service	C-3	19,011.76
Fund Balance	C-3	99,297.47
		<hr/>
Total Liabilities, Reserves and Fund Balance		\$ 10,672,323.88
		<hr/> <hr/>

There were Bonds and Notes on December 31, 2012 respectively authorized but not issued for \$113,525.00 and for \$4,275.00 at December 31, 2013. (Exhibit C-11).

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit C-1

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 23,516.70
Increased By:		
Improvements Cancelled	C-3	<u>75,780.77</u>
Balance December 31, 2013	C	<u><u>\$ 99,297.47</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

SEWER UTILITY FUND

BALANCE SHEET

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>
<u>Sewer Operating</u>		
Cash - Checking	D-4	\$ 208,776.50
Receivables with Full Reserves:		
Sewer Rents Receivable	D-6	250,186.54
Interfund Current	A	876,335.84
Total Sewer Operating		<u>1,335,298.88</u>
<u>Sewer Capital</u>		
Cash	D-5	172,028.39
Due from Sewer Operating	Contra	20,000.00
Fixed Capital Authorized & Uncompleted		272,028.39
Fixed Capital	D-8	2,126,297.11
Total Sewer Capital		<u>2,590,353.89</u>
Total Assets		<u><u>\$ 3,925,652.77</u></u>
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Sewer Operating</u>		
Appropriation Reserves	D-3,6	\$ 244,874.99
Accrued Interest on Notes	A-3	2,386.25
Reserve for Rent Reserve		224,784.70
Due to Sewer Capital	Contra	20,000.00
Sewer Overpayment		4,511.70
		<u>496,557.64</u>
Reserve for Receivables		250,186.54
Fund Balance	D-1	588,554.70
Total Sewer Operating		<u>1,335,298.88</u>
<u>Sewer Capital</u>		
Capital Improvement Fund	D-9	5,000.00
Bond Anticipation Note Payable	D-11	369,100.00
Improvement Authorizations:		
Unfunded	D-12	187,028.39
Reserve for Amortization		269,016.25
U.S.D.A. Loan Payable	D-10	1,760,209.25
Total Sewer Capital		<u>2,590,353.89</u>
Total Liabilities, Reserves and Fund Balances		<u><u>\$ 3,925,652.77</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>
<u>Revenue and Other Income Realized</u>		
Sewer Service Charge	D-2	\$ 1,350,792.06
Non-Budget Revenue	D-2	18,187.16
Other Credits to Income:		
Budget Appropriations Cancelled	D-3	406.00
		<u>1,369,385.22</u>
<u>Expenditures</u>		
Budget Appropriations:		
Operating	D-3	860,000.00
Debt Service	D-3	125,600.00
Deferred Charges and Statutory Expenditures	D-3	3,000.00
		<u>988,600.00</u>
Excess/(Deficit) in Revenue		380,785.22
Fund Balance January 1	D	<u>207,769.48</u>
Fund Balance December 31	D	<u>\$ 588,554.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER UTILITY FUND

Exhibit D-2

STATEMENT OF REVENUES

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1	\$ 976,100.00	1,350,792.06	374,692.06
Host Fees	D-1	12,500.00		(12,500.00)
Total Sewer Utility Revenues		<u>988,600.00</u>	<u>1,350,792.06</u>	<u>362,192.06</u>
Miscellaneous Revenue Not Anticipated	D-1	-	18,187.16	18,187.16
Total Revenues		<u>\$ 988,600.00</u>	<u>1,368,979.22</u>	<u>380,379.22</u>
Interest on Delinquent Accts.	D-4		<u>\$ 18,187.16</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-3

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2013

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 50,000.00	50,000.00	50,000.00		
Other Expenses	35,000.00	35,000.00	19,040.03	15,959.97	
B.S.R.S.A. - Share of Costs	775,000.00	775,000.00	546,084.98	228,915.02	
Debt Service:					
Payment on Bond Anticipation Note	5,300.00	5,300.00	5,300.00		
Interest on Notes	6,500.00	6,500.00	6,500.00		
U.S.D.A. Loan	113,800.00	113,800.00	113,394.00		406.00
Deferred Charges:					
Emergency Authorizations					
Statutory Expenditures:					
Social Security System	2,000.00	2,000.00	2,000.00		
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00		
	<u>\$ 988,600.00</u>	<u>988,600.00</u>	<u>743,319.01</u>	<u>244,874.99</u>	<u>406.00</u>
			D,D-7	D	D-1
Accrued Interest			\$ 6,500.00		
Disbursed			<u>736,819.01</u>		
			<u>\$ 743,319.01</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit E

PUBLIC ASSISTANCE TRUST FUNDS

BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<u>Assets</u>		
Cash	E-1	\$ 10,014.55
<u>Liabilities</u>		
Reserve For:		
Public Assistance I		\$ 10,014.55

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**GENERAL FIXED ASSETS**

Exhibit F

BALANCE SHEET - REGULATORY BASIS

	Balance Dec. 31, 2013
<u>Assets</u>	
Building and Building Improvements	\$ 2,160,700.00
Machinery and Equipment	<u>580,988.72</u>
Total Assets	<u><u>\$ 2,741,688.72</u></u>
<u>Liabilities</u>	
Reserve for Fixed Assets	<u><u>\$ 2,741,688.72</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2013****NOTE 1: Summary of Significant Accounting Policies****A. Reporting Entity**

Except as noted below, the financial statements of the Borough of Union Beach, County of Monmouth, New Jersey (the “Borough”), include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Union Beach as required by N.J.S. 40A:5-5.

B. Description of Funds

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

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

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

Dog Trust Fund – dog license revenues and expenditures.

Trust Other Funds – sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those required in the Current Fund.

Sewer Operating Fund – revenue and expenditures necessary to operate a municipally owned sewer supply system from user fees. The Borough only has a sewer system.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)**C. Basis of Accounting**

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

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

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

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

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

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

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

Deferred Charges – the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2013 is set forth in Note 7.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation. (See Note 4).

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

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

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**E. Budgets and Budgetary Accounting**

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

F. Reporting Entity

GASB Statement 14 establishes criteria to be used to determine component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

NOTE 2: Cash and Cash Equivalents**A. Deposits**

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

New Jersey statutes require public depositories 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.

The carrying amount of the Borough's deposits at year-end was \$4,647,945.27. Of this amount \$500,000.00 was covered by Federal depository insurance and the remaining \$4,147,945.27 was covered by a collateral pool maintained by the banks as required by New Jersey statute.

NOTE 2: Cash and Cash Equivalents (Continued)

B. Investments

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

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
 - 2) Government money market mutual funds.
 - 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
 - 4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
 - 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
 - 6) Municipal investment pools.
 - 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281; or
 - 8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2013.

NOTE 2: Cash and Cash Equivalents (Continued)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The Chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance December 31, 2013</u>
Insured:	
FDIC	\$ 500,000.00
GUDPA	<u>4,147,945.27</u>
	<u>\$ 4,647,945.27</u>

Custodial Credit Risk – Deposits

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

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 3: Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note, a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid of the notes are to be renewed beyond the fourth anniversary date of the original issuance. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Long-Term Debt**General Capital Fund Bonds**

Variable Rate General Improvement Bonds (2% to 4%) Issued July 1, 2011 through July 1, 2027	\$ 2,114,000.00
4.30% General Improvement Bonds Issued January 15, 2001 through January 15, 2015	<u>600,000.00</u>
	<u>\$ 2,714,000.00</u>

Sewer Utility Fund

U.S.D.A. Loan Interest Rate 4.75% Issued July 17, 2002 Through July 17, 2043	<u>\$ 1,760,209.25</u>
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Mandatory Sinking Fund Redemption – The Bonds maturing on April 1, 2012 are subject to mandatory sinking fund redemption on April 1, 2003 and on each April 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption.

The debt principal and interest requirements for the long term debt during the next five fiscal years are as follows:

2001 General Improvements

<u>Year Ending December 31</u>	<u>General Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 300,000.00	25,800.00
2015	<u>300,000.00</u>	<u>12,900.00</u>
	<u>\$ 600,000.00</u>	<u>38,700.00</u>

NOTE 3: Debt (Continued)**2011 General Improvements**

<u>Year Ending December 31</u>	<u>General Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 115,000.00	92,542.50
2015	139,000.00	86,827.50
2016	150,000.00	80,325.00
2017	150,000.00	73,575.00
2018	150,000.00	66,825.00
2019-2023	640,000.00	227,025.00
2024-2027	<u>770,000.00</u>	<u>40,500.00</u>
	<u>\$ 2,114,000.00</u>	<u>667,620.00</u>

<u>Year Ending December 31</u>	<u>N.J. Environmental Infrastructure Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 36,559.90	7,012.50
2015	35,939.19	6,000.00
2016	35,310.81	4,975.00
2017	34,674.78	3,937.50
2018	34,041.09	2,887.50
2019-2020	<u>74,212.58</u>	<u>2,493.75</u>
	<u>\$ 250,738.35</u>	<u>27,306.25</u>

<u>Year Ending December 31</u>	<u>Sewer Utility Fund – U.S.D.A. Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 30,120.44	84,975.05
2015	31,568.15	83,609.94
2016	33,085.44	82,179.22
2017	34,675.66	80,679.73
2018	36,342.32	79,108.17
2019-2023	199,679.14	369,192.96
2024-2028	252,961.33	316,937.44
2029-2033	319,884.55	250,039.49
2034-2038	404,512.96	167,204.28
2039-2043	<u>417,379.26</u>	<u>61,442.59</u>
	<u>\$ 1,760,209.25</u>	<u>1,491,233.72</u>

NOTE 4: Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough has a potential liability of \$602,700.00 at December 31, 2013. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5: Fund Balances Appropriated

The fund balance at December 31, 2013 which was appropriated and included as anticipated revenue in the year ending December 31, 2014 as follows:

Current Fund:	
Fund Balance	\$ 500,000.00

NOTE 6: Assessment and Collections of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (Collector) on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on August 1st and November 1st, and the final payments are due and payable on February 1st and May 1st. The N.J. statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of July 1st of the current tax year even though the amount due is not known.

NOTE 7: Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 8: Pensions**A. Plan Description**

Employees of the Borough are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost of living adjustments and death benefits to plan members. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to:

NOTE 8: Pensions (Continued)**A. Plan Description (Continued)**

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, NJ 08625-0295

As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement Systems are required to contribute 8.5% of their annual covered salary. Contributions during the last three years for the plans are as follows from the Borough.

	<u>PERS</u>	<u>PFRS</u>
2013	\$ 128,870	241,159
2011-2012	132,911	249,736
2010-2011	134,773	237,929

NOTE 9: Sewer Utility

The Borough in fiscal year 2002, established a self liquidating sewer utility fund. This was an agreement with the federal government to fund the rehabilitation of the Borough's sewer system.

NOTE 10: Interfunds Receivable and Payable

The following interfund balances remained on the balance sheet at December 31, 2013:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 6,833.53	1,676,980.18
Trust - Other	32,717.07	
Trust - Dog		6,833.53
General Capital	515,582.65	
Grant Fund	312,633.76	60,289.14
Sewer - Operating	876,335.84	20,000.00
Sewer - Capital	<u>20,000.00</u>	<u> </u>
Total	<u>\$ 1,764,102.85</u>	<u>1,764,102.85</u>

NOTE 11: Length of Service Award Program

On November 4, 2003 the voters of the Borough approved the creation of a Length of Service Award Program (“LOSAP”). Subsequently, the Division approved the Borough’s LOSAP plan, provided by Lincoln Financial Group. The purpose of this program is to enhance the Borough’s ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$800 for the fire company and the first aid squad to each eligible volunteer who accumulates a minimum of 80 service points based on criteria established by Borough Ordinance No. 2003-32. The Borough’s contribution shall be included in the current year’s budget.

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subjected to the claims of the sponsoring agency’s general creditors until distributed to any or all participants.

The Borough’s estimated contribution for the year ended December 31, 2014 is \$41,000. We did review the plan for the year ended December 31, 2013 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the Annual audit of the Borough’s financial statements.

At December 31, 2013, the value of the plan is \$312,091.42.

NOTE 12: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years.

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Amount</u> <u>Resulting</u> <u>From 2013</u>	<u>2013</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Current Fund:				
Emergency Appropriation	\$ 3,300,000.00	3,500,000.00	1,825,506.00	4,974,494.00
Dog Trust:				
Deficit in Dog Fund	<u>899.53</u>	<u> </u>	<u>899.53</u>	<u> </u>
Total	<u>\$ 3,300,899.53</u>	<u>3,500,000.00</u>	<u>1,826,405.53</u>	<u>4,974,494.00</u>

NOTE 13: Contingencies

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 14: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2013. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2013 through June 25, 2014.

NOTE 15: Hurricane Sandy

On October 29, 2012 Hurricane Sandy struck the New Jersey coast and caused extensive damage to the Borough of Union Beach. The Borough authorized a \$3,000,000.00 emergency in 2012 and a \$3,500,000.00 emergency in 2013 to its budget named "Hurricane Sandy" and spent \$2,143,756.93 in total through December 31, 2013. These expenditures have been audited in detail and they will become part of the Borough's single audit for 2013 when the amount of Federal aid the Borough will receive has been established by FEMA.

BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2013

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
2013	\$ 13,580,512.61	13,259,434.74	97.64%
7/1/12 to 12/31/12	7,418,044.96	7,100,916.14	95.72%
7/1/11 to 6/30/12	14,571,514.13	14,466,171.33	99.28%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage of the total delinquent taxes and tax title liens, in relation to the tax levies of the last three auditing periods. In 2013 the Borough reverted to a calendar year.

<u>Fiscal Year Ended June 30</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ -	303,386.64	303,386.64	2.23%
7/1/12 to 12/31/12	-	296,020.99	296,020.99	3.99%
7/1/11 to 6/30/12	-	105,459.54	105,459.54	0.72%

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>
2013	\$ 2,191,000.00
2012	2,191,000.00
2011	2,191,000.00

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**LIST OF OFFICIALS AND SURETY BOND COVERAGE****DECEMBER 31, 2013**

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Paul J. Smith, Jr.	Mayor	
Albin J. Wicki	Councilman - President	
Louis Andreuzzi	Councilman	
Charles W. Cocuzza	Councilman	
Cherlanne Roche	Councilwoman	
Robert M.Howard, Jr.	Councilman	
Victor A. Tuberion	Councilman	
Anne Marie Friscia	Borough Clerk	
Jennifer W. Maier	Administrator	
Desiree Durkin	Tax Collector	\$ 1,000,000.00
Joseph Faccione	Chief Financial Officer	1,000,000.00
Richard Thompson	Municipal Court Judge	50,000.00
Tracey Darby	Municipal Court Clerk	50,000.00
Edward G. Broberg	Engineer	
John T. Lane, Jr.	Attorney	

All surety bonds are in accordance with state statutes.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 4,396,036.19
Increased by:			
Tax Collector	A-5	13,082,198.47	
Borough Clerk	A-6	8,493.30	
State of New Jersey Veterans and Senior Citizens	A-8	55,250.00	
Revenue Accounts Receivable	A-15	2,162,031.50	
Federal and State Grants Receivable	A-18	1,017,469.79	
Federal and State Grants Unappropriated	A-20	44,266.32	
Miscellaneous Revenue Not Anticipated	A-2	209,994.81	
Insurance Claims	A	389,618.48	
Tax Overpayments	A-10	42,059.35	
SUI Interfund	D	640.61	
Tax Appeals	A-17	300,000.00	
Emergency Notes	A	4,734,494.00	
Off Duty Officers	A	25,000.00	
Sewer Operating	A	876,335.84	
Veterans & Senior Citizens	A	55,250.00	
Hurricane Sandy	A	1,734,633.47	
Interfunds:			
Grants	A	1,087,159.41	
Trust	B	3,269.00	
Dog Trust	A	<u>6,596.65</u>	
			<u>25,834,761.00</u>
			30,230,797.19
Decreased by:			
Budget Appropriations	A-3	7,811,606.36	
Federal and State Grants	A-19	774,525.65	
Accounts Payable	A	39,000.00	
Prerpaid School Tax	A	63,712.19	
Local District School Taxes	A-13	5,985,425.00	
County Taxes Payable	A-14	1,631,237.14	
Hurricane Sandy	A-10	3,499,613.74	
Emergency Notes	A	3,000,000.00	
Tax Anticipation Notes	A	1,000,000.00	
State of New Jersey	A-17	9,432.00	
Insurance Claims	A	580,985.51	
Escrow	B	3,707.71	
Appropriation Reserves	A-16	141,938.30	
Encumbrances	A	60,000.00	
Revaluation	A	54,000.00	
Interfunds:			
Capital	C	2,130,268.70	
Dog Trust	A-21	<u>13,413.18</u>	
			<u>26,798,865.48</u>
Balance December 31, 2013	A		<u>\$ 3,431,931.71</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 55,798.48
Increased by:			
Taxes Receivable	A-7	13,163,783.81	
Tax Overpayments	A-10	42,059.35	
Prepaid Taxes	A	68,797.20	
Interest and Costs on Taxes	A-15	46,260.40	
Advertising Fees	A-2	3,883.13	
Interest Earned	A-4	1,198.47	
Duplicate Bills	A-5	<u>955.00</u>	
			<u>13,326,937.36</u>
			13,382,735.84
Decreased by:			
Paid to Treasurer	A-4		<u>13,082,198.47</u>
Balance December 31, 2013	A		<u><u>\$ 300,537.37</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF CASH - BOROUGH CLERK

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 0.03
Increased by:			
Other		\$ 215.00	
Raffle License		25.00	
OPRA Copies		3.30	
Taxi License		150.00	
Interest on Investments		0.29	
Wreckers License		1,385.00	
Beach Permit		1,100.00	
Canvassing Permits		100.00	
Polling Rental		3,200.00	
Liquor License	A-2	<u>5,515.00</u>	<u>11,693.59</u>
			<u>11,693.62</u>
Decreased by:			
Payments to Treasurer	A-4		<u>11,693.30</u>
Balance December 31, 2013	A		<u><u>\$ 0.32</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2012	State Fiscal Year Tax Levy		Cash		Veterans and Senior Citizens Deductions	Cancelled	Balance Dec. 31, 2013
		2012	2013	2012	2013			
Prior Years	\$ 296,020.99		295,209.69	38,087.96	295,209.69	60,300.00	144.36	666.94
2013		13,580,512.61	13,161,046.78	38,087.96	13,161,046.78	60,300.00	18,358.17	302,719.70
	\$ 296,020.99	13,580,512.61	13,456,256.47	38,087.96	13,456,256.47	60,300.00	18,502.53	303,386.64
Ref.	A		A-4,5	A	A-4,5	A-8		A

Analysis of Property Tax Levy

Fiscal Year Tax Levy
Added and Omitted Taxes

\$ 13,534,060.24
46,452.37
<u>\$ 13,580,512.61</u>

Tax Levy

Local District School Tax
General County Tax
County Library Tax
County Health Tax
Open Space Preservation
Added Taxes Due County

A-14	\$ 1,427,547.27
	91,548.37
	28,473.20
	79,245.21
	5,610.84
A-15	<u>1,632,424.89</u>
	\$ 5,985,425.00

Amount to be Raised in Support of Municipal Budget
Added Taxes

A-2	5,911,972.00
	43,867.36
	<u>5,955,839.36</u>
	<u>\$ 13,573,689.25</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-8****SCHEDULE OF SENIOR CITIZEN AND VETERANS****DEDUCTIONS DUE FROM STATE OF NEW JERSEY**

Balance December 31, 2012	<u>Ref.</u> A		\$ 32,220.03
Increased by:			
Veterans Per Tax Billings		52,800.00	
Senior Citizens Per Tax Billings		12,250.00	
Veterans Disallowed by Tax Collector		<u>4,750.00</u>	
	A-7		<u>60,300.00</u>
			<u>92,520.03</u>
Decreased by:			
Received from State	A-4		<u>55,250.00</u>
Balance December 31, 2013	A		<u><u>\$ 37,270.03</u></u>

SCHEDULE OF DEMOLITION LIENS**Exhibit A-9**

Balance December 31, 2013	<u>Ref.</u> A		<u><u>\$ 14,508.12</u></u>
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BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-10****SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 1,533.32
Increased by:		
Receipts	A-4-5	<u>42,059.35</u> 43,592.67
Balance December 31, 2013	A	<u><u>\$ 43,592.67</u></u>

SCHEDULE OF RESERVE FOR FEMA FUNDS**Exhibit A-11**

	<u>Ref.</u>	
Balance December 31, 2012		\$ 339,242.10
Decreased by :		
Cash Received	A-4	<u>1,734,633.47</u> 2,073,875.57
Decreased By:		
Realized in Budget	A-2,15	<u>1,765,506.00</u>
Balance December 31, 2013	A	<u><u>\$ 308,369.57</u></u>

SCHEDULE OF FORECLOSED PROPERTY**Exhibit A-12**

	<u>Ref.</u>	
Balance December 31, 2013	A	<u><u>\$ 2,191,000.00</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-13****SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES**

	<u>Ref.</u>	
Levy School Year: July 1, 2013 to Dec. 31, 2013	A-1	\$ 5,985,425.00
Decreased by: Paid	A-4	<u>\$ 5,985,425.00</u>

SCHEDULE OF COUNTY TAXES PAYABLE**Exhibit A-14**

	<u>Ref.</u>	
Balance December 31, 2012		4,423.09
County Tax Levy:		
General County		\$ 1,427,547.27
County Library		91,548.37
County Health		28,473.20
County Open Space Preservation		79,245.21
Due County for Added Taxes		<u>5,610.84</u>
	A-1	<u>1,632,424.89</u>
		1,636,847.98
Decreased by: Paid	A-4	<u>1,631,237.14</u>
Balance Due December 31, 2013		<u>\$ 5,610.84</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-15

CURRENT FUND**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE****FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	<u>Ref.</u>	<u>Accrued</u>	<u>Receipts</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 4,350.00	\$ 4,350.00
Fees and Permits:			
Code Enforcement	A-2	14,075.00	14,075.00
Street Openings	A-2	13,395.66	13,395.66
Tenant and Landlord Registration	A-2	4,330.00	4,330.00
Borough Clerk	A-2	4,133.30	4,133.30
Tax Office	A-2	4,798.13	4,798.13
Other	A-2	110.00	110.00
FEMA Reimbursement	A-2	1,765,506.00	1,765,506.00
Community Disaster Loan	A-2	622,000.00	622,000.00
Municipal Court	A-2	99,622.66	99,622.66
Interest and Costs on Taxes	A-2	46,260.40	46,260.40
Energy Receipts Tax	A-2	644,510.81	644,510.81
Supplemental Energy Receipts Tax	A-2	20,981.00	20,981.00
Consolidated Municipal Property Tax Relief Aid	A-2	21,935.00	21,935.00
Uniform Construction Code Fees	A-2	499,730.48	499,730.48
Cablevision	A-2	40,003.00	40,003.00
AT&T Wireless	A-2	24,026.16	24,026.16
Recycling Costs	A-2	20,776.98	20,776.98
Parking Meters	A-2	12,467.00	12,467.00
Verizon	A-2	26,881.10	26,881.10
Metro PCS	A-2	13,680.10	13,680.10
T-Mobile	A-2	23,964.72	23,964.72
		<u>\$ 3,927,537.50</u>	<u>\$ 3,927,537.50</u>
Total Revenue			
			<u>\$ 3,927,537.50</u>
	<u>Ref.</u>		
Realized From Reserve	A-11		\$1,765,506.00
Cash	A-4		2,162,031.50
			<u>\$3,927,537.50</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-16

SCHEDULE OF APPROPRIATION RESERVES

Balance July 1, 2013	<u>Ref.</u> A		\$ 403,037.59
Decreased by:			
Disbursed	A-4	\$ 141,938.30	
Balance Lapsed	A-1	<u>261,099.29</u>	
			<u><u>\$ 403,037.59</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**CURRENT FUND**

Exhibit A-17

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 96,823.06
Increased by:		
Taxes Contested	A-4	<u>300,000.00</u>
Balance December 31, 2013	A	<u><u>\$ 396,823.06</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-18

SCHEDULE OF GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2012</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Cancelled</u>	<u>Transferred From Unappropriated Reserve</u>	<u>Balance Dec. 31, 2013</u>
	\$ 6,260.30			6,260.30		8,330.62
Department of Transportation	8,330.62					2,030.00
N.J. D.E.P. Sewer Infrastructure Phase II	2,030.00	12,800.00	12,800.00			280,250.00
Bayshore Saturation Patrol-DWI	480,250.00	1,145,000.00	200,000.00			524,006.00
DOT-Scholar Park Phase II		243,171.39	620,994.00			109,075.60
Robin Hood Foundation		10,007.52	134,095.79		10,007.52	
Monmouth County Workforce Development		1,638.85		18.00	1,638.85	
Recycling Tonnage Grant	18.00					
Police Body Armor		31,780.00	31,780.00			
Rotary Foundation District 7500		10,000.00	10,000.00			
Gateway Church Foundation		1,904.06			1,904.06	
DDEF		900.00			900.00	
DWI		30,000.00				30,000.00
Post Sandy Planning Assistance	14,009.38					1,000.00
Drive Sober or Get Pulled Over	2,800.00		7,800.00			14,009.38
Department of Transportation-Harris Ave.	27,372.40					2,800.00
Aggressive Driving Enforcement	30.00			30.00		27,372.40
DOT-Edmunds Ave Phase II	38,811.50			3,447.85		35,363.65
DEP-Shore Protection	2,405.72			919.98		1,485.74
DOT-Flat Creek Dredging						
Legislative OEM Grant						
	\$ 582,317.92	1,496,001.82	1,017,469.79	10,676.13	14,450.43	1,035,723.39

Ref.

A

A-3

A-4

A-19

A-20

A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2012	Transfer From Budget	Expended	Cancelled	Balance Dec. 31, 2013
<u>Grant</u>	\$ 24,525.87	10,007.52	1,163.40		33,369.99
Recycling Tonnage	1,223.10				1,223.10
Clean Shores		1,145,000.00	547,698.20		597,301.80
Robin Hood Foundation		900.00			900.00
Driving While Intoxicated		31,780.00			31,780.00
Rocky Foundation District 7500		10,000.00	10,000.00		-
Gateway Church Foundation		10,000.00	188,042.79		55,128.60
Monmouth County Workforce Development		243,171.39	2,530.66		22,210.82
Clean Communities	24,741.48	12,800.00	12,800.00		-
Bayshore Saturation Patrol Grant	919.98			919.98	-
Special Legislative Grant Police	6,984.38	1,638.85	1,790.60	18.00	6,814.63
Police Body Armor	6,797.25			6,260.30	536.95
Municipal Storm Water Grant	51.90				51.90
Improvements to Pine Street	303,399.75				303,399.75
Federal Beachfront Grant		30,000.00			30,000.00
Post Sandy Planning Assistance Grant	314.09				314.09
DOT-Reconst Jersey Ave.-Phase II	10,000.00				10,000.00
Jewish Foundation of New Jersey	30.00			30.00	-
DEP Shore Protection	3,447.85			3,447.85	-
DOT Flat Creek Dredging	3,574.29		1,700.00		1,874.29
Alcohol Ed. and Rehabilitation	7,920.67				7,920.67
State Recycling	15,179.41				15,179.41
County of Monmouth Open Space Grant	114,046.23				114,046.23
Sholar Park Phase II		8,800.00	8,800.00		-
Drive Sober or Get Pulled Over	1,458.83				1,458.83
Emergency Management Performance Grant	8,386.57	1,904.06			10,290.63
Drunk Driving Enforcement Fund					
	\$ 533,001.65	1,496,001.82	774,525.65	10,676.13	1,243,801.69

Ref.

A

A-18

A-4

A-18

A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2012	Transferred To Budget Appropriations	Received	Balance Dec. 31, 2013
Police Body Armor	\$ 1,638.85	1,638.85	2,098.31	2,098.31
DWI	1,904.06	1,904.06	1,000.00	1,000.00
Construction Grant			11,300.00	11,300.00
Princeton Foundation			5,982.96	5,982.96
Homeowners Grant	900.00	900.00	3,480.00	3,480.00
Driving While Intoxicated	10,007.52	10,007.52	9,281.70	9,281.70
Recycling Tonnage			11,123.35	11,123.35
Clean Communities				
	<u>\$ 14,450.43</u>	<u>14,450.43</u>	<u>44,266.32</u>	<u>44,266.32</u>

Ref.

A

A-18

A-4

A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-21

SCHEDULE OF DUE TO/FROM DOG TRUST FUND

Balance December 31, 2012 Due From	<u>Ref.</u> A		\$ 1,666.18
Increased by:			
Disbursements Made in Current Fund	A-4		<u>11,764.00</u>
			13,430.18
Decreased by:			
Cash Receipts	A-4	\$ 5,696.65	
Deferred Charges	A-3	<u>900.00</u>	
			<u>6,596.65</u>
Balance December 31, 2013 Due From	A		<u><u>\$ 6,833.53</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	Ref.	State Unemployment Insurance	Dog Fund	Payroll Account	Trust Other	Total
Balance December 31, 2012	B	\$ 3,347.43	766.65	26,746.61	347,533.60	378,394.29
Increased by Receipts:						
Dog Licenses Fees	B-3		6,116.00		28,438.01	6,116.00
Performance Escrow	B-5				335,388.33	28,438.01
Tax Title Liens	B-6				1,501.76	335,388.33
National Night Out	B-8				204.88	1,501.76
Law Enforcement	B-9				93,527.22	204.88
Special Duty Police	B-10				125,685.50	93,527.22
Disaster Relief Fund	B-11			111,978.66		125,685.50
Payroll/Agency	B				199,200.00	111,978.66
Tax Premium	B-7			111,978.66		199,200.00
Total Receipts		-	6,116.00	111,978.66	783,945.70	902,040.36
Total Receipts and Balances		3,347.43	6,882.65	138,725.27	1,131,479.30	1,280,434.65
Decreased by Disbursements:						
Dog Licenses Fees	B		6,883.25			6,883.25
Performance Escrow	B-5				19,707.01	19,707.01
Tax Title Lien	B-6				339,376.41	339,376.41
National Night Out	B-8				1,443.70	1,443.70
Special Duty Police	B-9				3,895.88	3,895.88
Special Duty Police	B-10				83,000.00	83,000.00
Tax Premium	B-7				228,805.69	228,805.69
Total Disbursements		-	6,883.25	-	676,228.69	676,228.69
Balance December 31, 2013	B	\$ 3,347.43	(0.60)	138,725.27	455,250.61	604,205.96

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-2

TRUST FUND**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

Balance December 31, 2012	<u>Ref.</u> B	\$ (899.53)
Increased by:		
Budget Appropriations	A-3	<u>900.00</u> 0.47
Decreased by:		
Expenditures Made in Current	B-3	<u>6,834.60</u>
Balance December 31, 2013	B	<u><u>\$ (6,834.13)</u></u>

SCHEDULE OF INTERFUND - CURRENT

Exhibit B-3

DOG TRUST

Balance December 31, 2012	<u>Ref.</u> B	\$ 1,666.18
Increased by:		
Expenditures Made in Current	B-1,B-2	<u>11,764.00</u> 13,430.18
Decreased by:		
Turned Over to Current	B-2	<u>6,596.65</u>
Balance December 31, 2013	B	<u><u>\$ 6,833.53</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-4

SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 18,314.47
Decreased by:		
Payments Made in Current Fund	B	<u>640.61</u>
Balance December 31, 2013	B	<u>\$ 17,673.86</u>

SCHEDULE OF RESERVE FOR PERFORMANCE ESCROW

Exhibit B-5

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 25,238.60
Increased by:		
Receipts	B-1	<u>28,438.01</u>
		53,676.61
Decreased by:		
Disbursements	B-1	<u>19,707.01</u>
Balance December 31, 2013	B	<u>\$ 33,969.60</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-6

SCHEDULE OF RESERVE FOR TAX TITLE LIENS

Balance December 31, 2012	<u>Ref.</u> B	\$ 4,875.67
Increased by:		
Receipts	B-1	<u>335,388.33</u>
		340,264.00
Decreased by:		
Disbursements	B-1	<u>339,376.41</u>
Balance December 31, 2013	B	<u>\$ 887.59</u>

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

Exhibit B-7

Balance December 31, 2012	<u>Ref.</u> B	\$ 188,020.92
Increased by:		
Receipts	B-1	<u>199,200.00</u>
		387,220.92
Decreased by:		
Disbursements	B-1	<u>228,805.69</u>
Balance December 31, 2013	B	<u>\$ 158,415.23</u>

SCHEDULE OF RESERVE FOR NATIONAL NIGHT OUT

Exhibit B-8

Balance December 31, 2012	<u>Ref.</u> B	\$ 1,227.06
Increased by:		
Receipts	B-1	<u>1,501.76</u>
		2,728.82
Decreased by:		
Disbursements	B-1	<u>1,443.70</u>
Balance December 31, 2013	B	<u>\$ 1,285.12</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**Exhibit B-9****SCHEDULE OF RESERVE****FOR LAW ENFORCEMENT TRUST**

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 8,345.63
Increased by:		
Receipts	B-1	204.88
		<u>8,550.51</u>
Decreased by:		
Disbursements	B-1	3,895.88
		<u>3,895.88</u>
Balance December 31, 2013	B	<u>\$ 4,654.63</u>

SCHEDULE OF SPECIAL DUTY POLICE**Exhibit B-10**

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 1,527.53
Increased by:		
Receipts	B-1	93,527.22
		<u>95,054.75</u>
Decreased by:		
Disbursements	B-1	83,000.00
		<u>83,000.00</u>
Balance December 31, 2013	B	<u>\$ 12,054.75</u>

SCHEDULE OF DISASTER RELIEF FUND**Exhibit B-11**

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 115,923.34
Increased by:		
Receipts	B-1	125,685.50
		<u>125,685.50</u>
Balance December 31, 2013	B	<u>\$ 241,608.84</u>

SCHEDULE OF RESERVE FOR VARIOUS RESERVES

Balance December 31, 2012	<u>Ref.</u> B	\$ 18,457.14
Increased by:		
Interfund - Current	B-13	<u>2,485.00</u>
		20,942.14
Decreased by:		
Interfund - Current	B-13	<u>176.65</u>
Balance December 31, 2013	B	<u>\$ 20,765.49</u>

SCHEDULE OF INTERFUND - DUE FROM CURRENT

Balance December 31, 2012	<u>Ref.</u> B	\$ 16,082.29
Increased by:		
Various Reserves	B-12	<u>2,308.35</u>
Balance December 31, 2013	B	<u>\$ 18,390.64</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****SCHEDULE OF CAPITAL CASH**

Exhibit C-2

Balance December 31, 2012	<u>Ref.</u> C		\$ 51,836.00
Increased by:			
Capital Improvement Fund	C-8	70,000.00	
Emergency Note	C-3	60,000.00	
Reserve For Debt Service	C-3	9,024.89	
Bond Anticipation notes	C-12	1,770,850.00	
			<u>1,909,874.89</u>
			1,961,710.89
Decreased By:			
Current Fund	C-3	455,293.51	
Improvement Authorizations	C-6	<u>1,454,581.38</u>	
			<u>1,909,874.89</u>
Balance December 31, 2013	C		<u><u>\$ 51,836.00</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	Balance		Receipts	Disbursements	Transfers		Balance	
	Dec. 31, 2012	Dec. 31, 2013			From	To	Dec. 31, 2012	Dec. 31, 2013
Fund Balance	\$ 23,516.70							99,297.47
Capital Improvement Fund	19,250.70		70,000.00		87,400.00			1,850.70
Department of Transportation #635	(19,441.58)							(19,441.58)
Department of Transportation 2008-117	(40,000.00)							(40,000.00)
Department of Transportation 2013-194					200,000.00			(200,000.00)
Emergency Note	(300,000.00)		60,000.00					(240,000.00)
Open Space Grant	(35,000.00)							(35,000.00)
Cash on Hand to Pay Notes	500,000.00							500,000.00
Reserve for Debt Service	9,986.87		9,024.89					19,011.76
Interfund Current				455,293.51				(455,293.51)
Green Acres - Front Street	(6,333.25)							(6,333.25)
DEP Grant Shore Protection	(150,000.00)							(150,000.00)
Interfund - State & Federal Grant Fund	(60,289.14)							(60,289.14)
Improvement Authorizations:								
746 Various Improvements	(750.00)							(750.00)
784 Various Improvements	1,385.71							1,385.71
805 Various Improvements	4,023.80							4,023.80
776 Acqui. of Land and Reconst. of Spruce St.	75,780.77				75,780.77			-
823 Various Improvements	(463.22)							(463.22)
2002-02 Various Improvements	18,495.43							18,495.43
2003-20 Refunding Bonds	4,907.10							4,907.10
2003-22 Various Improvements	(5,011.75)							(5,011.75)
2004-37 Various Improvements	10,545.70							10,545.70
Department of Transportation:	(63,750.00)							(63,750.00)
2005-58 A-D Various Improvements	(800.00)							(800.00)
2006-77 Various Improvements	(750.00)							(750.00)
CDBG Grant	(50,000.00)				142,000.00			(192,000.00)
2009-135 Various Improvements	31,513.04							31,513.04
2010-154 Various Improvements	210.00							210.00
2012-185 Various Improvements	79,059.12			19,282.72				59,776.40
2012-190 Various Improvements	5,750.00		109,250.00	31,280.00				83,720.00
2013-194 Hecklemen Street			58,000.00	261,000.00				-
2013-194 Shore Protection			104,500.00	110,000.00				-
2013-194 Scholer Park-Phase IV			150,100.00	300,000.00				141,568.07
2013-195 Scholer Park			209,000.00	78,631.93				545,613.27
2013-195 Shore Front			1,140,000.00	654,386.73				
	\$ 51,836.00		1,909,874.89	1,909,874.89	505,180.77			51,836.00

C

C-2

C-2

C

Ref.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-4

GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Description	Balance Dec. 31, 2012	Authorized In Fiscal Year 2013	Decreased	Balance Dec. 31, 2013
2006-77	Various Improvements	\$ 61,750.00			61,750.00
2002-02	Various Improvements	950.00			950.00
2003-22	Various Improvements	725.00			725.00
2004-37	Various Improvements	964,750.00		28,400.00	936,350.00
2005-58	Various Improvements	410,400.00		17,900.00	392,500.00
2007-96	Various Improvements	354,500.00		4,700.00	349,800.00
2008-117	Various Improvements	498,550.00		15,300.00	483,250.00
2009-135	Various Improvements	306,900.00		10,100.00	296,800.00
2009-135	Various Improvements	224,850.00		13,600.00	211,250.00
2011-175	Various Improvements	294,524.00		7,515.00	287,009.00
2012-185	Various Improvements	495,425.00			495,425.00
2012-190	Various Improvements	109,250.00			109,250.00
2013-194	Heckleman Street		58,000.00		58,000.00
2013-194	Shore Protection		104,500.00		104,500.00
2013-194	Scholer Park-Phase IV		150,100.00		150,100.00
2013-195	Scholer Park		209,000.00		209,000.00
2013-195	Shore Front		1,140,000.00		1,140,000.00
		<u>\$ 3,722,574.00</u>	<u>1,661,600.00</u>	<u>97,515.00</u>	<u>5,286,659.00</u>
		C	C-6	C-5	C
	Budget			\$ 56,900.00	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-5

SCHEDULE OF BOND ANTICIPATION NOTES

	Original Amount Issued	Original Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Issued	Paid	Balance Dec. 31, 2013
Various Improvements	1,106,000.00	3/18/04	3/7/14	1.25%	\$ 964,000.00		28,400.00	935,600.00
Various Improvements	517,000.00	7/14/05	3/7/14	1.25%	409,600.00		17,900.00	391,700.00
Various Improvements	596,000.00	7/13/06	3/7/14	1.25%	530,100.00		15,300.00	514,800.00
Various Improvements	368,600.00	6/8/07	3/7/14	1.25%	354,500.00		4,700.00	349,800.00
Various Improvements	529,150.00	7/11/08	3/7/14	1.25%	501,950.00		13,600.00	488,350.00
Various Improvements	330,600.00	7/10/09	3/7/14	1.25%	320,500.00		10,100.00	310,400.00
Various Improvements	238,450.00	7/9/10	3/7/14	1.25%	238,450.00		7,515.00	230,935.00
Various Improvements	294,524.00	11/3/11	3/7/14	1.25%	294,524.00			294,524.00
Various Improvements	495,425.00	6/29/12	3/7/14	1.25%	495,425.00			495,425.00
Various Improvements	109,250.00	3/8/13	3/7/14	1.25%		109,250.00		109,250.00
Various Improvements	1,349,000.00	6/13/13	3/7/14	1.25%		1,349,000.00		1,349,000.00
Various Improvements	312,600.00	6/13/13	3/7/14	1.25%		312,600.00		312,600.00
					\$ 4,109,049.00	1,770,850.00	97,515.00	5,782,384.00

Ref.

C

C-11

C-4

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance Dec. 31, 2012		2013 Authorizations	Cancelled	Expended	Balance Dec. 31, 2013	
		Funded	Unfunded				Funded	Unfunded
776A	Acquisition of Land, Block 2 Lot 1	\$ 12,095.00			12,095.00			
776B	Acquisition of Land, Block 251 Lot 2.02b	63,685.77			63,685.77			
784A	Computer Equipment in Tax Office		635.71					635.71
805E	Acquisition of Land Block 29 Lot 5		4,023.80					4,023.80
823	Reconstruction of Various Streets		36.78					36.78
2003-22D	Improvements to Firefighters Park		0.77					0.77
2003-22J	Acquisition of Street Sweeper		159.79					159.79
2003-22K	Acquisition of First Aid Vehicle		459.79					459.79
2002-22L	Acquisition of Generator - Police		19,245.43					19,245.43
2004-37A	Reconstruction of Bayview Ave.		7.02					7.02
2004-37D	Replacement of Roof Borough Hall		10,768.00					10,768.00
2004-37F	Reconstruction of Columbia Ave.		520.68					520.68
2009-135D	Various Improvements to Municipal Building		31,513.04					31,513.04
2010-154C	Parking Meters - Purchase & Installation		210.00					210.00
2012-185	Reconstruction of Scholar Drive		40,000.00			19,282.72		20,717.28
2012-190	Improvements to Hang Street	1,900.00					1,900.00	39,059.12
2012-190	Public Works Roof	500.00					500.00	36,100.00
2012-190	Emergency Management Vehicle	2,300.00						9,500.00
2012-190	Computers & Software	1,050.00						28,485.00
2012-190	Police Software and Hand Scanners		19,950.00					7,235.00
2013-194	Reconstruction of Heckleman Street		261,000.00					
2013-194	Shore Protection Replenishment Project		110,000.00					
2013-194	Impvts To Scholer Park Phase IV		300,000.00					
2013-195	Improvement Park		220,000.00					141,368.07
2013-195	Impvts To Shore Front		1,200,000.00			654,386.73		545,613.27
		\$ 81,530.77	255,889.93	2,091,000.00	75,780.77	1,454,581.38	2,400.00	895,658.55
		C	C	C	C-3	C-3	C	C
		<u>Ref.</u>	<u>Ref.</u>					
	Capital Improvement Fund		C-8	\$ 87,400.00				
	DOT Grant		C-3	\$ 200,000.00				
	Monmouth County Open Space Grant		C-3	\$ 142,000.00				
	Deferred Charges to Future Taxation - Unfunded		C-4	\$ 1,661,600.00				
				<u>\$ 2,091,000.00</u>				

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Paid	Balance Dec. 31, 2013
			Date	Amount				
General Improvements	11/15/01	\$ 3,425,000.00	1/1/2014-15	\$ 300,000.00	4.30%	\$ 900,000.00	300,000.00	600,000.00
General Improvements	7/8/11	2,319,000.00	7/1/14	105,000.00	2.00%	2,219,000.00	105,000.00	2,114,000.00
			7/1/15	115,000.00				
			7/1/16	139,000.00	2.50%			
			7/1/17	150,000.00				
			7/1/18-19	150,000.00	3.00%			
			7/1/20-23	160,000.00	3.50%			
			7/1/24	170,000.00	4.00%			
			7/1/25-27	200,000.00				
						\$ 3,119,000.00	405,000.00	2,714,000.00

Ref. C C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND**

Exhibit C-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	<u>Ref.</u> C	\$ 19,250.70
Increased by:		
Fiscal Year 2013 Appropriations	C-11	<u>70,000.00</u> 89,250.70
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>87,400.00</u>
Balance December 31, 2013	C	<u><u>\$ 1,850.70</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

Ref.	Ord. 2008-117 Department of Transportation	Ord. 635 Department of Transportation	Ord. 805 Green Acres	Ord. 2003-22 Department of Transportation	Ord. 2013-194 Department of Transportation	Ord. 2012-185 Open Spaces	Ord. 2013-194 CDBG
C	40,000.00	19,441.58	6,333.25	63,750.00	200,000.00	235,000.00	142,000.00
C-2	40,000.00	19,441.58	6,333.25	63,750.00	200,000.00	235,000.00	142,000.00
C	40,000.00	19,441.58	6,333.25	63,750.00	200,000.00	235,000.00	142,000.00
	Total						
	\$ 364,524.83						
	342,000.00						
	\$ 706,524.83						

Balance December 31, 2012

Added 2013

Balance December 31, 2013

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Paid	Balance Dec. 31, 2013
		Date	Amount				
8/1/01	\$ 600,000.00	8/1/13	\$ 29,031.08	5.00%	\$ 279,477.48	28,739.13	250,738.35
		8/1/14	36,559.90				
		8/1/15	35,939.19	5.13%			
		8/1/16	35,310.81				
		8/1/17	34,674.78	5.25%			
		8/1/18	34,041.09				
		8/1/19	33,387.39				
		8/1/20	40,533.24				
					\$ 279,477.48	28,739.13	250,738.35

Ref. C C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-11

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Purpose</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2013</u>
Various Improvements	823	\$ 500.00			500.00
Various Improvements	2002-02	750.00			750.00
Various Improvements	2003-22	725.00			725.00
Various Improvements	2004-37	750.00			750.00
Various Improvements	2005-58	800.00			800.00
Various Improvements	2006-77	750.00			750.00
Various Improvements	2012-190	109,250.00		109,250.00	
Various Improvements	2013-194		312,600.00	312,600.00	
Various Improvements	2013-195		1,349,000.00	1,349,000.00	
		<u>\$ 113,525.00</u>	<u>1,661,600.00</u>	<u>1,770,850.00</u>	<u>4,275.00</u>

Ref.

C

C-4

C-5

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-12

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Adjustments	Paid	Balance Dec. 31, 2013
		Date	Amount					
11/10/05	\$ 500,000.00	2/16/06 to 2/16/25	Various	2.00%	\$ 354,821.89	(452.27)	24,124.22	330,245.40
6/18/07	250,000.00	3/21/08 to 3/21/26	Various	2.00%	191,467.43	(233.81)	12,471.40	178,762.22
9/7/07	220,000.00	7/01/08 to 7/01/27	Various	2.00%	176,719.86	(191.24)	10,200.48	166,328.14
9/3/08	144,075.80	9/03/08 to 6/05/28	Various	2.00%	119,021.40	(124.00)	6,614.05	112,283.35
8/1/09	132,885.98	8/01/09 to 8/26/26	Various	2.00%	101,362.90	1,001.34	9,118.15	93,246.09
10/25/07	56,408.50	10/25/07 to 10/25/18	Various	2.00%	31,036.76	(0.02)	4,918.89	26,117.85
					\$ 974,430.24	0.00	67,447.19	906,983.05

C

C

Ref.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**SEWER UTILITY FUND****Exhibit D-4****SCHEDULE OF CASH**

	<u>Ref.</u>		
Balance December 31, 2012	D		\$ 254,133.23
Increased by:			
Sewer Charges Receivable	D-2	1,350,792.06	
Miscellaneous Revenue Not Anticipated	D-2	<u>18,187.16</u>	
			<u>1,368,979.22</u>
			1,623,112.45
Decreased by:			
Payments to Current Fund			<u>1,414,336.00</u>
Balance December 31, 2013	D		<u><u>\$ 208,776.45</u></u>

SEWER CAPITAL FUND**SCHEDULE OF CASH****Exhibit D-5**

Balance December 31, 2012	D		\$ 285,000.00
Expended			
Improvements to Sewer System	D-15		<u>112,971.61</u>
Balance December 31, 2013	D		<u><u>\$ 172,028.39</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**SEWER UTILITY FUND**

Exhibit D-6

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2012	<u>Ref.</u> D	\$ 155,085.21
Increased by:		
Rents Levied		<u>1,445,893.39</u>
		1,600,978.60
Decreased by:		
Receipts - Sewer Account	D-2	<u>1,350,792.06</u>
Balance December 31, 2013	D	<u><u>\$ 250,186.54</u></u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-7

Balance December 31, 2012	<u>Ref.</u> D	<u>\$ 24,887.74</u>
Decreased by:		
Cancelled to Current	D-1	<u><u>\$ 24,887.74</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER OPERATING UTILITY FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

Balance December 31, 2012	<u>Ref.</u> D	\$ 2,013,325.50
Increased by:	D-12	<u>112,971.61</u>
Balance December 31, 2013	D	<u><u>\$ 2,126,297.11</u></u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-9

Balance December 31, 2012 and December 31, 2013	<u>Ref.</u> D	<u><u>\$ 5,000.00</u></u>
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BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER UTILITY FUND

SCHEDULE OF U.S.D.A. LOAN

<u>Description</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Paid</u>	<u>Balance</u>
						<u>Dec. 31, 2012</u>	<u>Dec. 31, 2013</u>	
Improvements to Sewer System	7/17/02	\$2,022,000.00	1/17/14	30,120.44	4.75%	\$1,788,948.38	28,739.13	1,760,209.25
			1/17/15	31,568.15				
			1/17/16	33,085.44				
			1/17/17	34,675.66				
			1/17/18	36,342.32				
			1/17/19	38,089.08				
			1/17/20	39,919.80				
			1/17/21	41,838.50				
			1/17/22	43,849.44				
			1/17/23	45,957.02				
			1/17/24	48,165.90				
			1/17/25	50,480.95				
			1/17/26	52,907.26				
			1/17/27	55,450.20				
			1/17/28	58,115.36				
			1/17/29	60,908.62				
		1/17/30	63,836.14					
		1/17/31	66,904.37					
		1/17/32	70,120.06					
		1/17/33	73,490.32					
		1/17/34	77,022.56					
		1/17/35	80,724.58					
		1/17/36	84,604.53					
		1/17/37	88,670.97					
		1/17/38	92,932.85					
		1/17/39	97,399.58					
		1/17/40	102,081.00					
		1/17/41	106,987.43					
		1/17/42	54,320.72					
						\$1,788,948.38	28,739.13	1,760,209.25

Ref.

D

D-3

D

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER UTILITY FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Original Amount Issued</u>	<u>Original Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid By Budget</u>	<u>Balance Dec. 31, 2013</u>
Various Capital Improvements	\$ 100,000.00	6/8/07	3/7/14	1.250%	\$ 89,400.00	5,300.00	84,100.00
Various Capital Improvements	285,000.00	11/3/12	3/7/14	1.250%	285,000.00		285,000.00
					\$ 374,400.00	5,300.00	369,100.00

Ref.

D

D-3

D

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SEWER CAPITAL UTILITY FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit D-12

Ord. #	Description	2013 Fiscal Year Authorizations	Balance Dec. 31, 2012		Expended	Balance Dec. 31, 2013 Unfunded
			Funded	Unfunded		
2011-178	Improvements to Sewer System	\$ 300,000.00	15,000.00	285,000.00	112,971.61	187,028.39
	Ref.	D-10, D-12	D	D	D-5,8	D

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit E-1

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

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 10,241.97
Decreased by:		
Bank Analysis Fees		<u>227.42</u>
Balance December 31, 2013	E	<u><u>\$ 10,014.55</u></u>

BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2013

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.
 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

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

Honorable Mayor and Members
 of the Borough Council
 Borough of Union Beach
 County of Monmouth
 Union Beach, New Jersey 07735

We have audited the consolidated financial statements of the Borough of Union Beach (the "Borough"), as of and for the year ended December 31, 2013, and have issued our report thereon dated June 25, 2014. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 in accordance with audit requirements prescribed by the Division.

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 of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies 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 consolidated financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated June 25, 2014.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart and Company
Independent Auditors

June 25, 2014

BOROUGH OF UNION BEACH

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

GENERAL COMMENTS

Scope of Audit

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

Cash on hand was counted and cash balances reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

Contracts and Agreements Required to be Advertised for 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 therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2010, the public contracts law was amended to change to the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2011 if there was no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for "Professional Services" per N.J.S. 40A:11-4.

A test of quotes for purchases in excess of \$5,400.00 or \$3,900.00 was made with no exceptions noted.

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 would not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

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 or assessments on or before the date when they would become delinquent.

The governing body on April 10, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Union Beach that the RATE OF INTEREST to be CHARGED for the Non-Payment of Taxes or Assessments shall be EIGHT (8) PERCENT (%), per Annum on the first \$1,500.00 of delinquency and EIGHTEEN (18) PERCENT (%), per Annum on any amount in excess of \$1,500.00, to be calculated from the date the taxes are payable until the date of actual payment: and

BE IT FURTHER RESOLVED, the pursuant the N.J.S.A. 54:5-32 the maximum interest rate required for redemption of the Tax Sale Certificates shall be EIGHTEEN (18) PERCENT (%), per Annum; and

BE IT FURTHER RESOLVED, that pursuant to N.J.S.A. 54:5-34, the rate of interest for those Tax Sale Certificates for which there shall be no other purchaser and which are therefore struck off to the Borough of Union Beach, shall be 18% per Annum.

It is noted that a ten-day “grace period” is allowed in accordance with the provisions of the 1980 resolution.

On March 20, 1997 the governing body adopted a resolution authorizing the tax collector to charge 6% year end penalty on all properties with a delinquency in excess of \$10,000.00.

Delinquent Taxes and Tax Title Liens

A tax sale was held on March 7, 2013 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2013	0
2012	0
2011	0

Foreclosed Property

The foreclosed property is the total from exempt property, so marked, appearing in the tax duplicate.

Follow-Up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings:

12-01: The Finding regarding the updating of its fixed asset records with a software program has been repeated. The Borough has a new software program but has yet to implement it due to the recovery phase from the hurricane.

RECOMMENDATIONS

Fixed Assets

Finding – 13-01: The Borough has a manual fixed asset accounting system, however it is not sufficient.

Recommendation: That the Borough updates the fixed assets records after the Borough has recovered from the hurricane.

Appreciation

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

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