

**BOROUGH OF UNION BEACH**

**COUNTY OF MONMOUTH**

**DECEMBER 31, 2012**

**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**

**TABLE OF CONTENTS**

		<b><u>Page</u></b>
	Independent Auditor's Report	1 to 3.
 <b><u>Exhibit</u></b>		
<b><u>CURRENT FUND</u></b>		
A	Balance Sheet – Regulatory Basis	4 & 5.
A-1	Statement of Operations and Change in Fund Balance – Regulatory Basis	6.
A-2	Statement of Revenues – Regulatory Basis	7 & 8.
A-3	Statement of Expenditures – Regulatory Basis	9 to 15.
<b><u>TRUST FUND</u></b>		
B	Balance Sheet – Regulatory Basis	16.
<b><u>GENERAL CAPITAL FUND</u></b>		
C	Balance Sheet – Regulatory Basis	17.
C-1	Schedule of Capital Fund Balance	18.
<b><u>SEWER UTILITY FUND</u></b>		
D	Balance Sheet – Regulatory Basis	19.
D-1	Statement of Operations and Change in Fund Balance - Regulatory Basis	20.
D-2	Statement of Revenues – Regulatory Basis	21.
D-3	Statement of Expenditures – Regulatory Basis	22.
<b><u>PUBLIC ASSISTANCE FUND</u></b>		
E	Balance Sheet – Regulatory Basis	23.
<b><u>GENERAL FIXED ASSETS</u></b>		
F	Balance Sheet – Regulatory Basis	24.

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

Notes to Financial Statements	<b><u>Page</u></b> 25 to 36.
-------------------------------	---------------------------------

**PART II - SUPPLEMENTARY DATA**

Supplementary Data	37 to 39.
Officials in Office and Surety Bonds	40.

**CURRENT FUND**

**Exhibit**

A-4	Schedule of Cash – Treasurer	41.
A-5	Schedule of Cash – Tax Collector	42.
A-6	Schedule of Cash – Borough Clerk	43.
A-7	Schedule of Taxes Receivable and Analysis of Property Tax Levy	44.
A-8	Schedule of Senior Citizen and Veterans Deductions Due From State of New Jersey	45.
A-9	Schedule of Demolition Liens	45.
A-10	Schedule of Tax Overpayments	46.
A-11	Schedule of Reserve for FEMA Funds	46.
A-12	Schedule of Foreclosed Property	46.
A-13	Schedule of Local District School Taxes	47.
A-14	Schedule of County Taxes Payable	47.
A-15	Schedule of Revenue Accounts Receivable	48.
A-16	Schedule of Appropriation Reserves	49.
A-17	Schedule of Reserve for Tax Appeals	50.
A-18	Federal and State Grant Fund – Schedule of Grants Receivable	51.
A-19	Federal and State Grant Fund – Schedule of Appropriation Reserves	52.
A-20	Federal and State Grant Fund – Schedule of Unappropriated Reserves	53.
A-21	Schedule of Due To/From Dog Trust Fund	54.

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b><u>TRUST FUND</u></b>		
B-1	Schedule of Cash – Treasurer	55.
B-2	Schedule of Reserve for Dog Fund Expenditures	56.
B-3	Schedule of Interfund – Current – Dog Trust	56.
B-4	Schedule of Reserve for Unemployment Insurance	57.
B-5	Schedule of Reserve for Performance Escrow	57.
B-6	Schedule of Reserve for Tax Title Liens	58.
B-7	Schedule of Reserve for Tax Sale Premium	58.
B-8	Schedule of Reserve for National Night Out	58.
B-9	Schedule of Reserve for Law Enforcement Trust	59.
B-10	Schedule of Special Duty Police	59.
B-11	Schedule of Disaster Relief Fund	59.
B-12	Schedule of Reserve for Various Reserves	60.
B-13	Schedule of Interfund – Due from Current	60.
<b><u>GENERAL CAPITAL FUND</u></b>		
C-2	Schedule of Capital Cash	61.
C-3	Analysis of Cash	62.
C-4	Deferred Charges to Future Taxation – Unfunded	63.
C-5	Schedule of Bond Anticipation Notes	64.
C-6	Schedule of Improvement Authorizations	65.
C-7	Schedule of Serial Bonds	66.
C-8	Schedule of Capital Improvement Fund	67.
C-9	Schedule of Grants Receivable	68.

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	<b><u>GENERAL CAPITAL FUND (Continued)</u></b>	
C-10	Schedule of Environmental Infrastructure Loan Payable	69.
C-11	Schedule of Bonds and Notes Authorized but Not Issued	70.
C-12	Schedule of Green Acres Loan	71.
	<b><u>SEWER UTILITY FUND</u></b>	
D-4	Schedule of Cash – Sewer Utility Fund	72.
D-5	Schedule of Cash – Sewer Capital Fund	72.
D-6	Schedule of Sewer Rents Receivable	73.
D-7	Schedule of Appropriation Reserves	73.
D-8	Schedule of Fixed Capital	74.
D-9	Schedule of Capital Improvement Fund	74.
D-10	Schedule of U.S.D.A. Loan	75.
D-11	Schedule of Bond Anticipation Notes	76.
D-12	Schedule of Improvement Authorizations	77.
	<b><u>PUBLIC ASSISTANCE FUND</u></b>	
E-1	Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5	78.

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

**Page**

**PART III**

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	79 & 80.
---	----------

**PART IV**

GENERAL COMMENTS	81 to 83.
RECOMMENDATIONS	83.
APPRECIATION	83.

# *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.

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

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

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
 of the Board of Commissioners  
 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, 2012, 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 36% of the assets and liabilities as of December 31, 2012 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, 2012, 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, 2012, 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, 2012 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 May 24, 2013 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**

May 24, 2013

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH****CURRENT FUND**Exhibit A  
Sheet 1 of 2**BALANCE SHEET****REGULATORY BASIS****FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Balance</u> <u>December 31,2012</u>
<b><u>Assets</u></b>		
Cash:		
Treasurer	A-4	\$ 4,021,036.19
Tax Collector	A-5	55,798.48
Borough Clerk	A-6	0.03
Change Fund		50.00
		<u>4,076,884.70</u>
Due From State of New Jersey Veterans and Senior Citizens	A-8	<u>32,220.03</u>
Receivables With Full Reserves:		
Delinquent Taxes	A-7	296,020.99
Property Acquired for Taxes	A-12	2,191,000.00
Demolition Lien	A-9	14,508.12
Interfunds:		
Dog Trust	A-21	<u>1,666.18</u>
		<u>2,503,195.29</u>
Deferred Charges:		
Special Emergency N.J.S.;40A:4-53	A-3	<u>3,300,000.00</u>
		<u>9,912,300.02</u>
<b><u>State and Federal Grants</u></b>		
Interfund Current	Contra	25,423.30
Grants Receivable	A-18	<u>582,317.92</u>
		<u>607,741.22</u>
Total Assets		<u>\$ 10,520,041.24</u>

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

Exhibit-A

**BALANCE SHEET**

Page 2 of 2

**REGULATORY BASIS****FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Balance</u> <u>December 31,2012</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
Appropriation Reserves	A-3	\$ 403,037.59
Encumbrances	A-3	956,802.04
Reserve For Insurance Claims	A-4	293,446.33
Reserve For FEMA Funds	A-4	339,242.10
Reserve For Revaluation	A-3	300,000.00
Added Taxes Due County	A-14	4,423.09
Interfund-SUI	B	14,967.04
Tax Overpayments	A-10	1,533.32
Prepaid Taxes	A-5,7	38,087.96
Tax Anticipation Note	A-4	1,000,000.00
Due to Trust - Other	B	16,082.29
Emergency Note Payable	A-4	3,300,000.00
Reserve For Tax Appeals	A-17	96,823.06
Due to Grant Fund	Contra	25,423.30
Accounts Payable		91,664.39
Total Liabilities		<u>6,881,532.51</u>
Reserve for Receivables		2,503,195.29
Fund Balance	A-1	<u>527,572.22</u>
		<u>9,912,300.02</u>
<b><u>Federal and State Grant Fund</u></b>		
Interfund General Capital	C	60,289.14
Appropriation Reserves	A-19	533,001.65
Unappropriated Reserves	A-20	14,450.43
		<u>607,741.22</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,520,041.24</u>

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

**CURRENT FUND**

Exhibit A-1

**STATEMENT OF OPERATIONS AND CHANGE**

**IN FUND BALANCE - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>
<b><u>Revenue and Other Income Realized</u></b>		
Fund Balance Anticipated	A-2	\$ 493,000.00
Miscellaneous Revenue Anticipated	A-2	904,842.45
Receipts from Delinquent Taxes	A-2	105,459.54
Receipts from Current Taxes	A-2	7,100,916.14
Non-Budget Revenue	A-2	138,239.02
Other Credits to Income:		
Interfunds Liquidated	A	56,119.11
Appropriation Reserves Lapsed	A-16	116,947.42
Budget Appropriations Cancelled	A-3	51,201.23
		<u>8,966,724.91</u>
 <b><u>Expenditures</u></b>		
Budget Appropriations:		
Inside CAP:		
Salaries and Wages	A-3	1,622,502.00
Other Expenses	A-3	1,668,689.00
Deferred Charges and Statutory Expenditures	A-3	442,500.00
Outside CAP:		
Other Expenses	A-3	3,410,558.91
Capital Improvements	A-3	118,800.00
Debt Service	A-3	376,762.50
Deferred Charges	A-3	
County Taxes	A-14	909,397.27
Local District School Taxes	A-13	3,249,355.50
Refund of Prior Year	A-4	7,585.62
		<u>11,806,150.80</u>
Adjustment of Expenditures Which are Charges to Subsequent Year	A-3	<u>3,300,000.00</u>
Adjusted Expenditures		8,506,150.80
Excess in Revenue		460,574.11
Fund Balance July 1	A	559,998.11
		<u>1,020,572.22</u>
Decreased by:		
Utilized as Anticipated Revenue	A-2	<u>493,000.00</u>
Fund Balance December 31	A	<u>\$ 527,572.22</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 SIX MONTHS ENDED DECEMBER 31, 2012**

	Ref.	Budget	Realized	(Deficit)
Fund Balance Anticipated	A-1	\$ 493,000.00	493,000.00	-
<b>Miscellaneous Revenue</b>				
Licenses:				
Alcoholic Beverages	A-15	4,350.00	4,350.00	-
Fees and Permits	A-15	14,900.00	14,087.63	(812.37)
Municipal Court	A-15	50,000.00	68,573.73	18,573.73
Interest and Costs on Taxes	A-15	18,000.00	15,181.81	(2,818.19)
Consolidated Municipal Property Tax Relief Aid	A-15	35,207.00	35,207.00	-
Energy Receipts Tax (P.L. 1997 Chapter 162 & 167)	A-15	610,258.00	610,258.00	-
Uniform Construction Code Fees	A-15	25,000.00	53,093.00	28,093.00
DDEF	A-15	5,736.57	5,736.57	-
Clean Communities Program	A-18	9,474.09	9,474.09	-
Jewish Foundation	A-18	10,000.00	10,000.00	-
Metro PC	A-18	5,000.00	6,210.90	1,210.90
Body Armor	A-18	1,692.40	1,692.40	-
Recycling Tonnage	A-18	11,155.35	11,155.35	-
Cell Tower Rental	A-15	35,000.00	36,154.85	1,154.85
Recycling Costs	A-15	2,300.00	996.93	(1,303.07)
Parking Meters	A-15	18,000.00	22,670.19	4,670.19
Total Miscellaneous Revenue	A-1	856,073.41	904,842.45	48,769.04
Receipts from Delinquent Taxes	A-1	55,000.00	105,459.54	50,459.54
Amount to be Raised by Taxes for Support of the Municipal Budget	A-2	3,080,439.00	3,080,863.37	6,424.37
Total General Revenues		4,484,512.41	4,590,165.36	105,652.95
Miscellaneous Revenue Not Anticipated	A-1	-	138,239.02	138,239.02
Total Revenues		\$ 4,484,512.41	4,728,404.38	243,891.97

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b><u>Allocation of Current Collections</u></b>				
Revenue from Collections	A-1		\$ 7,100,916.14	
Less: Allocated to School and County Taxes	A-1		4,158,752.77	
			<u>2,942,163.37</u>	
Add: Reserve for Uncollected Taxes	A-3		144,700.00	
	A-2		<u>\$ 3,086,863.37</u>	
<b><u>Miscellaneous Revenue Not Anticipated</u></b>				
FEMA	A-4	\$ 2,436.56		
Accident Reports	A-4	345.00		
Police Department	A-4	396.25		
Premium on Note Sale	A-4	1,928.83		
State Dated Checks	A-4	1,163.16		
View Finder	A-4	365.74		
Adm. Fee for Vets and Senior Citizens	A-4	1,230.04		
Death Certificates	A-4	20.00		
State DMV	A-4	411.50		
Fire Inspections	A-4	15.00		
Gas Reimbursement	A-4	8,877.73		
Insurance Dividends	A-4	33,800.69		
Workmen's Compensation	A-4	46,369.44		
Budget Refunds	A-4	31,486.54		
Municipal Auction	A-4	3,934.02		
Interest	A-4	3,054.59		
Vending Machines	A-4	148.00		
Restitution	A-5	1,850.00		
Other	A-4	<u>405.93</u>		
Total Miscellaneous Revenue Not Anticipated	A-1		<u>\$ 138,239.02</u>	

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

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<b>6 Months Year Ending 2012 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
<b>General Government</b>					
Administrative and Executive:					
Salaries and Wages - Governing Body	\$ 13,700.00	13,700.00	13,600.10	99.90	
Salaries and Wages - Borough Clerk's Office	37,097.00	38,497.00	38,489.38	7.62	
Salaries and Wages-Administrator's Office	43,750.00	43,750.00	43,499.99	250.01	
Other Expenses	49,900.00	47,900.00	35,853.23	12,046.77	
Postage	11,000.00	13,000.00	10,875.42	2,124.58	
Election:					
Salaries and Wages	2,550.00	2,550.00	2,320.00	230.00	
Other Expenses	3,750.00	3,750.00		3,750.00	
Financial Administration:					
Salaries and Wages	24,000.00	24,000.00	23,295.00	705.00	
Other Expenses	28,000.00	28,000.00	27,501.32	498.68	
Audit Contract	25,000.00	25,000.00	25,000.00	-	
Assessment of Taxes:					
Salaries and Wages	6,000.00	6,000.00	5,999.98	0.02	
Other Expenses	1,750.00	1,750.00	1,567.47	182.53	
Collection of Taxes:					
Salaries and Wages	28,200.00	28,200.00	28,189.99	10.01	
Other Expenses	5,000.00	5,000.00	4,719.50	280.50	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	200.00	200.00		200.00	
Legal Services and Costs:					
Salaries and Wages	22,500.00	22,500.00	22,400.02	99.98	
Other Expenses	70,000.00	70,000.00	53,766.10	16,233.90	
Engineering Services and Costs:					
Salaries and Wages	1,500.00	1,500.00	1,458.31	41.69	
Other Expenses	36,000.00	36,000.00	34,907.51	1,092.49	

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>6 Months Year Ending 2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>General Government (Continued)</u></b>					
Public Building and Grounds:					
Salaries and Wages	117,000.00	117,000.00	111,805.19	5,194.81	
Other Expenses	25,600.00	26,600.00	26,383.29	216.71	
Parks and Playgrounds:					
Other Expenses	2,000.00	2,000.00	1,410.98	589.02	
Zoning/Planning Costs:					
Salaries and Wages	6,345.00	6,345.00	6,157.47	187.53	
Other Expenses	4,405.00	4,405.00	3,283.40	1,121.60	
Heritage Committee:					
Other Expenses	125.00	125.00		125.00	
Borough Prosecutor:					
Salaries and Wages	13,750.00	13,750.00	13,650.00	100.00	
Other Expenses	150.00	150.00		150.00	
Codification of Ordinances-Other Expenses	10,000.00	10,000.00	8,675.00	1,325.00	
Revaluation-Other Expenses		300,000.00	300,000.00	-	
<b><u>Public Safety</u></b>					
Fire:					
Aid to Volunteer Companies	60,000.00	60,000.00	60,000.00	-	
Hydrant Service	58,200.00	58,200.00	58,168.48	31.52	
Alarms	4,500.00	4,500.00	3,489.89	1,010.11	
Police:					
Salaries and Wages	1,012,150.00	1,012,150.00	1,010,912.40	1,237.60	
Other Expenses	43,334.00	43,334.00	39,319.35	4,014.65	
Other Equipment					
Parking Meters	2,500.00	2,500.00	2,423.66	-	76.34
Bayshore Task Force:					
Other Expenses	2,300.00	2,300.00	2,300.00	-	
Bayshore Strike Force:					
Other Expenses	4,300.00	4,300.00	4,300.00	-	
Hurricane Sandy					
Other Expenses		3,000,000.00	3,000,000.00		



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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<b>6 Months Year Ending 2012 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
<b><u>Public Safety (Continued)</u></b>					
Emergency Management Service:					
Other Expenses	3,000.00	3,000.00	1,257.16	1,742.84	
Life Hazard Use Fees:					
Other Expenses	150.00	150.00		150.00	
First Aid Organization:					
Contribution	20,000.00	20,000.00	20,000.00	-	
Clothing Allowance	2,000.00	2,000.00	2,000.00	-	
<b><u>Public Works</u></b>					
Road Repairs and Maintenance:					
Salaries and Wages	170,000.00	170,000.00	169,507.99	492.01	
Other Expenses	70,000.00	69,000.00	30,664.56	38,335.44	
Garbage and Trash Removal - Contractual	119,500.00	119,500.00	119,454.00	46.00	
Landfill Closure Aid (P.L. - 1981 c.396) Monitoring Wells	500.00	500.00		500.00	
Landfill Charge - Taxes	145,000.00	145,000.00	134,317.34	10,682.66	
Recycling Costs:					
Salaries and Wages	40,000.00	40,000.00	30,232.77	9,767.23	
Other Expenses	45,000.00	45,000.00	37,705.46	7,294.54	
<b><u>Health and Welfare</u></b>					
Board of Health:					
Salaries and Wages	22,010.00	22,010.00	22,005.67	4.33	
Other Expenses	2,500.00	2,500.00	1,824.19	675.81	
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	-	
Baysshore Youth Service Bureau:					
Other Expenses	7,500.00	7,500.00	7,022.01	477.99	
Drug Alliance Program:					
Other Expenses	3,000.00	3,000.00		3,000.00	

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<b>6 Months Year Ending 2012 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
<b>Health and Welfare (Continued)</b>					
Bayshore Senior Center:					
Other Expenses	675.00	675.00	675.00	-	
Municipal Court:					
Salaries and Wages	34,200.00	34,200.00	34,178.46	21.54	
Other Expenses	4,000.00	4,000.00	3,922.46	77.54	
Public Defender (P.L. 1997, c. 256):					
Salaries and Wages	800.00	800.00	765.02	34.98	
Other Expenses	100.00	100.00		100.00	
Insurance					
Liability Insurance	55,000.00	55,000.00		55,000.00	
Worker's Compensation	80,000.00	80,000.00		80,000.00	
Employee Group Insurance	325,000.00	325,000.00	276,141.89	48,858.11	
Insurance Waiver	15,000.00	12,500.00	12,500.00	-	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>					
Uniform Construction Code:					
Salaries and Wages	21,000.00	21,000.00	20,919.90	80.10	
Other Expenses	2,000.00	2,000.00	347.79	1,652.21	
Code Enforcement:					
Salaries and Wages	5,200.00	5,200.00	5,164.98	35.02	
Other Expenses	1,250.00	1,250.00	1,035.81	214.19	
Unclassified:					
Electricity	70,000.00	65,000.00	57,248.50	7,751.50	
Gasoline	30,000.00	35,000.00	33,167.59	1,832.41	
Heating Gas	10,000.00	10,000.00	6,733.54	3,266.46	
Telephone	19,200.00	19,200.00	11,098.22	8,101.78	
Irrigation	3,300.00	3,300.00	3,284.87	15.13	
Accumulated Sick Leave & Vacation	175,000.00	175,000.00	175,000.00	-	
Total Operations Within "CAPS"	3,289,691.00	6,588,591.00	6,253,897.61	334,693.39	-
Contingent	1,500.00	1,500.00		1,500.00	
Total Operations Within "CAPS" Including Contingent	3,291,191.00	6,590,091.00	6,253,897.61	336,193.39	-

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>6 Months Year Ending 2012 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>Deferred Charges and Statutory Expenditures</u></b>					
<b><u>Municipal Within "CAPS"</u></b>					
Deferred Charges: Dog License Trust Fund	17,500.00	17,500.00	17,500.00	-	
Statutory Expenditures:					
Social Security System (O.A.S.I.)	130,000.00	128,875.00	116,675.69	12,199.31	
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	167,500.00	166,375.00	154,175.69	12,199.31	-
Cash Deficit-Sewer Utility Fund	275,000.00	275,000.00	274,850.10		149.90
Total General Appropriations for Municipal Purposes Within "CAPS"	3,733,691.00	7,031,466.00	6,682,923.40	348,392.70	149.90
<b><u>Operations - Excluded From "CAPS"</u></b>					
Aid to Free Public Library	17,500.00	17,500.00	17,500.00	-	
Police - 911 System	6,000.00	6,000.00	5,045.85	954.15	
Police -Reverse 911 System	3,000.00	3,000.00	3,000.00	-	
Length of Service Awards Program	41,000.00	41,000.00	41,000.00	-	
Total Other Operations Excluded from "CAPS"	67,500.00	67,500.00	66,545.85	954.15	-
<b><u>Shared Services Agreements</u></b>					
Registrant Services-Keyport Borough	5,000.00	5,000.00	5,000.00		
<b><u>Public and Private Programs Offset by Revenues</u></b>					
Clean Communities Program	9,474.09	9,474.09	9,474.09	-	
Body Armor	1,692.90	1,692.90	1,692.90		
DDEF	5,736.57	5,736.57	5,736.57		
Jewish Foundation		10,000.00	10,000.00		
Recycling Tonnage	11,155.35	11,155.35	11,155.35		
Total Public and Private Programs Offset by Revenues	28,058.91	38,058.91	38,058.91		-

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<b>6 Months Year Ending 2012 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
Total Operations Excluded from "CAPS"	100,558.91	110,558.91	109,604.76	954.15	-
<b><u>Capital Improvements - Excluded From "CAPS"</u></b>					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	
Emergency Management Vehicle	10,000.00	10,000.00	9,649.00	351.00	
Computers and Software	65,000.00	65,000.00	11,993.55	53,006.45	
Fire Chiefs Vehicle	10,500.00	10,500.00	10,235.67	264.33	
First Aid Responder	8,300.00	8,300.00	8,231.04	68.96	
Total Capital Improvement - Excluded From "CAPS"	118,800.00	118,800.00	65,109.26	53,690.74	
<b><u>Municipal Debt Service Excluded From "CAPS"</u></b>					
Payment of Bond Principals	100,000.00	100,000.00	100,000.00		43,100.00
Payment of Bond Anticipation Notes and Capital Notes	100,000.00	100,000.00	56,900.00		
Interest on Bonds	57,262.50	57,262.50	57,262.50		
Interest on Notes	44,000.00	44,000.00	39,357.32		4,642.68
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	44,000.00	46,225.00	43,300.12		2,924.88
N.J. Infrastructure Loan	31,500.00	31,500.00	31,116.23		383.77
Total Municipal Debt Service Excluded From "CAPS"	376,762.50	378,987.50	327,936.17	-	51,051.33
Total General Appropriations Excluded from "CAPS"	596,121.41	608,346.41	502,650.19	54,644.89	51,051.33
Subtotal General Appropriation	4,329,812.41	7,639,812.41	7,185,573.59	403,037.59	51,201.23
Reserve for Uncollected Taxes	144,700.00	144,700.00	144,700.00		
Total General Appropriations	\$ 4,474,512.41	7,784,512.41	7,330,273.59	403,037.59	51,201.23
Ref.		A-1	A	A	A-1
Budget	\$ 4,474,512.41	\$ 4,474,512.41			
Emergency	3,300,000.00	3,300,000.00			
NJS 40A,4-87	10,000.00	10,000.00			
	\$ 7,784,512.41	\$ 7,784,512.41			

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2012

	<u>Ref.</u>	<u>6 Months</u> <u>Year Ending</u> <u>2012 Budget</u>	<u>Budget</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Paid or Charged</u>						
Disbursed	A-4			\$5,848,212.64		
Encumbrances	A			956,802.04		
Reserve for Revaluation				300,000.00		
Deferred Charges:						
Deficit in Animal Control	B			17,500.00		
Capital Improvement Fund	C			25,000.00		
Federal and State Grant Fund	A-19			38,058.91		
Reserve for Uncollected Taxes	A-2			144,700.00		
				<u>144,700.00</u>		
				<u>\$7,330,273.59</u>		

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

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

Exhibit B

**BALANCE SHEET - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<b><u>Assets</u></b>		
<b><u>Dog License Fund</u></b>		
Cash	B-1	\$ 766.65
Deferred Charges - Deficit in Operations	B-2	899.53
		<u>1,666.18</u>
<b><u>Payroll</u></b>		
Cash	B-1	<u>26,746.61</u>
<b><u>Unemployment Trust</u></b>		
Cash	B-1	3,347.43
Due from Current Fund	A	14,967.04
		<u>18,314.47</u>
<b><u>Trust - Other</u></b>		
Cash	B-1	347,533.60
Due from Current Fund		16,082.29
		<u>363,615.89</u>
<b><u>Length of Service Award Programs - Unaudited</u></b>		
Investments		<u>233,190.52</u>
Total Assets		<u>\$ 643,533.67</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
<b><u>Dog License Fund</u></b>		
Due to Current Fund	B-3	<u>\$ 1,666.18</u>
<b><u>Payroll</u></b>		
Reserve for Payroll Agency		<u>26,746.61</u>
<b><u>Unemployment Trust</u></b>		
Reserve for Unemployment	B-4	<u>18,314.47</u>
<b><u>Trust - Other</u></b>		
Reserve for Performance Escrow	B-5	25,238.60
Reserve for Tax Title Liens	B-6	4,875.67
Reserve for National Night Out	B-8	1,227.06
Reserve for Law Enforcement Trust	B-9	8,345.63
Reserve for Tax Premium	B-7	188,020.92
Reserve for Special Duty Police	B-10	1,527.53
Reserve for Disaster Relief Fund	B-11	115,923.34
Reserve for Various Reserves	B-12	18,457.14
		<u>363,615.89</u>
<b><u>Length of Service Award Programs - Unaudited</u></b>		
Reserve for Length of Service Award Programs		<u>233,190.52</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 643,533.67</u>

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

GENERAL CAPITAL FUND

Exhibit C

BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<b><u>Assets</u></b>		
Cash	C-2	\$ 51,836.00
Investment-Current Emergency Note		300,000.00
Grants Receivable	C-3	364,524.83
Due from Federal and State Grants Fund	C-3	60,289.14
Deferred Charges to Future Taxation:		
Funded		4,372,907.72
Unfunded	C-4	<u>3,722,574.00</u>
Total Assets		<u>\$ 8,872,131.69</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
Serial Bonds	C-7	\$ 3,119,000.00
Bond Anticipation Notes	C-5	4,109,049.00
N.J. Environmental Infrastructure Loan Payable	C-10	279,477.48
Capital Improvement Fund	C-8	19,250.70
Improvement Authorizations:		
Funded	C-6	81,530.77
Unfunded	C-6	255,889.93
Green Acres Loan	C-12	974,430.24
Reserve for Debt Service	C-3	9,986.87
Fund Balance	C-3	<u>23,516.70</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,872,131.69</u>

There were Bonds and Notes on December 31, 2012 respectively authorized but not issued for \$113,525.00 (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	<u>\$ 23,516.70</u>

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



**SEWER UTILITY FUND**

Exhibit D

**BALANCE SHEET**

**REGULATORY BASIS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>
<b><u>Assets</u></b>		
<b><u>Sewer Operating</u></b>		
Cash - Checking	D-4	\$ 254,133.23
Receivables with Full Reserves:		
Sewer Rents Receivable	D-6	155,085.21
Total Sewer Operating		<u>409,218.44</u>
<b><u>Sewer Capital</u></b>		
Cash	D-5	285,000.00
Due from Sewer Operating	Contra	20,000.00
Fixed Capital Authorized & Uncompleted		385,000.00
Fixed Capital	D-8	2,013,325.50
Total Sewer Capital		<u>2,703,325.50</u>
Total Assets		<u>\$ 3,112,543.94</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
<b><u>Sewer Operating</u></b>		
Appropriation Reserves	D-3,6	\$ 24,887.74
Accrued Interest on Notes		500.00
Due to Sewer Capital	Contra	20,000.00
Sewer Overpayment		976.01
		<u>46,363.75</u>
Reserve for Receivables		155,085.21
Fund Balance	D-1	207,769.48
Total Sewer Operating		<u>409,218.44</u>
<b><u>Sewer Capital</u></b>		
Capital Improvement Fund	D-9	5,000.00
Bond Anticipation Note Payable	D-11	374,400.00
Improvement Authorizations:		
Funded	D-12	15,000.00
Unfunded	D-12	285,000.00
Reserve for Amortization		234,977.12
U.S.D.A. Loan Payable	D-10	1,788,948.38
Total Sewer Capital		<u>2,703,325.50</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 3,112,543.94</u>

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

**SEWER UTILITY FUND**

**Exhibit D-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

**FOR THE SIX MONTHS**

**ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
<b><u>Revenue and Other Income Realized</u></b>		
Sewer Service Charge	D-2	\$ 521,976.01
Bayshore Regional Sewerage Authority - Surcharge	D-2	79,200.00
Bayshore Regional Sewerage Authority - Host Fees	D-2	13,647.72
Non-Budget Revenue	D-2	2,073.27
Deficit From General Budget		274,850.10
Other Credits to Income:		
Budget Appropriations Cancelled	D-3	163,739.01
Appropriation Reserves Lapsed	D-6	13.89
		<u>1,055,500.00</u>
 <b><u>Expenditures</u></b>		
Budget Appropriations:		
Operating	D-3	715,150.00
Debt Service	D-3	66,150.00
Deferred Charges and Statutory Expenditures	D-3	274,200.00
		<u>1,055,500.00</u>
Excess/(Deficit) in Revenue		-
Fund Balance July 1	D	<u>207,769.48</u>
Fund Balance June 30	D	<u>\$ 207,769.48</u>

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

**SEWER UTILITY FUND**

**Exhibit D-2**

**STATEMENT OF REVENUES**

**REGULATORY BASIS**

**FOR THE SIX MONTHS**

**ENDED DECEMBER 31, 2012**

	<b><u>Ref.</u></b>	<b><u>Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Rents	D-1	\$ 679,000.00	521,976.01	(157,023.99)
B.R.S.A. Surcharge	D-1	89,000.00	79,200.00	(9,800.00)
Host Fees	D-1	12,500.00	13,647.72	1,147.72
Total Sewer Utility Revenues		780,500.00	614,823.73	(165,676.27)
Miscellaneous Revenue Not Anticipated	D-1	-	2,073.27	2,073.27
		780,500.00	616,897.00	(163,603.00)
Deficit-General Budget	A-3	275,000.00	274,850.10	(149.90)
Total Revenues		<u>\$ 1,055,500.00</u>	<u>891,747.10</u>	<u>(163,752.90)</u>
Interest on Delinquent Accts.	D-4		\$ 1,956.01	
Interest on Investments	D-4		117.26	
			<u>\$ 2,073.27</u>	

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

**SEWER UTILITY FUND**

**STATEMENT OF EXPENDITURES**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

**REGULATORY BASIS**

	<b>Six Months Adopted Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
Operating:					
Salaries and Wages	\$ 15,000.00	15,000.00	15,000.00		
Other Expenses	35,000.00	35,000.00	11,862.26	23,137.74	
B.S.R.S.A. - Share of Costs	663,400.00	663,400.00	509,113.99		154,286.01
Debt Service:					
Payment on Bond Anticipation Note	5,300.00	5,300.00			5,300.00
Interest on Notes	4,000.00	4,000.00			4,000.00
U.S.D.A. Loan	56,850.00	56,850.00	56,697.00		153.00
Deferred Charges:					
Emergency Authorizations	274,200.00	274,200.00	274,200.00		
Statutory Expenditures:					
Social Security System	1,000.00	1,000.00		1,000.00	
Unemployment Compensation Insurance	750.00	750.00		750.00	
	<u>\$ 1,055,500.00</u>	<u>1,055,500.00</u>	<u>866,873.25</u>	<u>24,887.74</u>	<u>163,739.01</u>

Ref.

D,D-7

D

D-1

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

**PUBLIC ASSISTANCE TRUST FUNDS**

**BALANCE SHEET**

**REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2012</u></b>
<b><u>Assets</u></b>		
Cash	E-1	\$ 10,241.97
<b><u>Liabilities</u></b>		
Reserve For:		
Public Assistance I		\$ 10,241.97

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

**GENERAL FIXED ASSETS**

Exhibit F

**BALANCE SHEET - REGULATORY BASIS**

	<b>Balance Dec. 31, 2012</b>
<b><u>Assets</u></b>	
Building and Building Improvements	\$ 2,160,700.00
Machinery and Equipment	<u>580,988.72</u>
Total Assets	<u>\$ 2,741,688.72</u>
<b><u>Liabilities</u></b>	
Reserve for Fixed Assets	<u>\$ 2,741,688.72</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 SIX MONTHS ENDED DECEMBER 31, 2012**

**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, 2012 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 \$6,000,917.46. Of this amount \$500,000.00 was covered by Federal depository insurance and the remaining \$5,500,917.46 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, 2012.

**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:

<b><u>Depository Account</u></b>	<b><u>Bank Balance December 31, 2012</u></b>
Insured:	
FDIC	\$ 500,000.00
GUDPA	<u>5,500,917.46</u>
	<u>\$ 6,000,917.46</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.

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	\$ 2,219,000.00
4.30% General Improvement Bonds Issued January 15, 2001 through January 15, 2015	<u>900,000.00</u>
	<u>\$ 3,119,000.00</u>

**Sewer Utility Fund**

U.S.D.A. Loan Interest Rate 4.75% Issued July 17, 2002 Through July 17, 2043	<u>\$ 1,788,948.38</u>
---	------------------------

**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**

<b><u>Year Ending December 31</u></b>	<b><u>General Capital Fund</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 300,000.00	38,700.00
2014	300,000.00	25,800.00
2015	<u>300,000.00</u>	<u>12,900.00</u>
	<u>\$ 900,000.00</u>	<u>77,400.00</u>

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

<b><u>Year Ending December 31</u></b>	<b><u>General Capital Fund</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 105,000.00	97,492.50
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
2018-2022	790,000.00	263,025.00
2023-2026	<u>770,000.00</u>	<u>71,325.00</u>
	<u>\$ 2,219,000.00</u>	<u>765,112.50</u>

<b><u>Year Ending December 31</u></b>	<b><u>N.J. Environmental Infrastructure Loan</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 29,031.08	7,887.50
2014	36,559.90	7,012.50
2015	35,939.19	6,000.00
2016	35,310.81	4,975.00
2017-2020	<u>142,636.50</u>	<u>9,318.75</u>
	<u>\$ 279,477.48</u>	<u>35,193.75</u>

<b><u>Year Ending December 31</u></b>	<b><u>Sewer Utility Fund – U.S.D.A. Loan</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2013	\$ 28,739.13	84,975.05
2014	30,120.44	83,609.94
2015	31,568.15	82,179.22
2016	33,085.44	80,679.73
2017	34,675.66	79,108.17
2018-2022	199,679.14	369,192.95
2023-2027	252,961.33	316,977.34
2028-2032	319,884.55	250,839.50
2033-2037	404,512.96	167,204.28
2038-2042	<u>453,721.58</u>	<u>61,442.60</u>
	<u>\$ 1,788,948.38</u>	<u>1,576,208.77</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 estimated current cost of such unpaid compensation is not available. 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, 2012 which was appropriated and included as anticipated revenue in the year ending December 31, 2013 as follows:

Current Fund:	
Fund Balance	\$ 470,000.00

**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 13<sup>th</sup>.

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 1<sup>st</sup> and November 1<sup>st</sup>, and the final payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. 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 1<sup>st</sup> 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>
7/1/12-12/31/12	\$ 0	0
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, 2012:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 1,666.18	56,472.63
Trust - Other	31,049.33	
Trust - Dog		1,666.18
General Capital	60,289.14	
Grant Fund	25,423.30	60,289.14
Sewer - Operating		20,000.00
Sewer - Capital	<u>20,000.00</u>	<u>                    </u>
Total	<u>\$ 138,427.95</u>	<u>138,427.95</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, 2013 is \$41,000. We did review the plan for the year ended December 31, 2012 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the six month, to December 31, audit of the Borough's financial statements.

At December 31, 2012, the value of the plan is \$233,190.52.

**NOTE 12: Deferred Charges to be Raised in Succeeding Budgets**

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

	<u>Balance June 30, 2012</u>	<u>Amount Resulting From SFY 2012</u>	<u>2012 6 Months Budget</u>	<u>Balance Dec. 31, 2012</u>
Current Fund:				
Emergency Appropriation	\$ 274,200.00	3,300,000.00	274,200.00	3,300,000.00
Dog Trust:				
Deficit in Dog Fund	<u>8,988.18</u>	_____	<u>8,988.18</u>	_____
Total	<u>\$ 283,188.18</u>	<u>3,300,000.00</u>	<u>283,188.18</u>	<u>3,300,000.00</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, 2012. 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, 2012 through May 24, 2013.

**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 appropriation to its budget named "Hurricane Sandy" and spent \$2,143,756.93 for the six month period ending December 31, 2012. 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**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2012**

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

	<b>Six Months Ended Dec. 31, 2012</b>	
	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>		
Miscellaneous - From Other Than Local Property		
Tax Levies	\$ 1,760,349.23	19.63%
Collection of Delinquent Taxes and Tax Title Liens	105,459.54	1.18%
Collection of Current Tax Levy	<u>7,100,916.14</u>	<u>79.19%</u>
	<u>8,966,724.91</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>		
Budget Expenditures:		
Municipal Purposes	7,639,812.41	64.71%
County Taxes	909,397.27	7.70%
Local School Tax	3,249,355.50	27.52%
Other Expenditures	7,585.62	0.07%
Total Expenditures	<u>11,806,150.80</u>	<u>100.00%</u>
Adjustment of Expenditures Which are Charges to Subsequent Year	<u>3,300,000.00</u>	
Adjusted Expenditures	8,506,150.80	
Excess in Revenue (Deficit)	460,574.11	
Fund Balance July 1	<u>559,998.11</u>	
	1,020,572.22	
Less: Utilized as Anticipated Revenue	<u>493,000.00</u>	
Fund Balance June 30	<u><u>\$ 527,572.22</u></u>	

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - SEWER OPERATING FUND**

	<b>Six Months Ended Dec. 31, 2012</b>	<b>%</b>
<b><u>Revenue and Other Income Realized</u></b>		
Collection of Sewer Charges	\$ 616,897.00	58.45%
Deficit From General Budget	274,850.10	26.03%
Miscellaneous From Other Than Sewer Charges	163,752.90	15.52%
	<u>1,055,500.00</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>		
Budget Expenditures:		
Operating	715,150.00	67.75%
Debt Service	66,150.00	6.27%
Statutory Expenditures	274,200.00	25.98%
	<u>1,055,500.00</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	 -	
 Fund Balance July 1	 <u>207,769.48</u>	
 Fund Balance June 30	 <u><u>207,769.48</u></u>	

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
7/1/12 To 12/31/12	\$ 7,418,044.96	7,100,916.14	95.72%
2012	14,571,514.13	14,466,171.33	99.28%
2011	14,280,710.05	14,150,492.12	99.09%

**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 two and one half years. 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>
7/1/12 To 12/31/12	\$ -	296,020.99	296,020.99	3.99%
2012	-	105,459.54	105,459.54	0.72%
2011	-	251,260.57	251,260.57	1.75%

**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>
2012	\$ 2,191,000.00
2011	2,191,000.00
2010	2,191,000.00

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH****LIST OF OFFICIALS AND SURETY BOND COVERAGE****DECEMBER 31, 2012**

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 Faccone	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.

**CURRENT FUND**

Exhibit A-4

**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance July 1, 2012	A		\$ 665,079.21
Increased by:			
Tax Collector	A-5	\$ 8,853,736.00	
Borough Clerk	A-6	8,811.48	
State of New Jersey Veterans and Senior Citizens	A-8	61,502.05	
Revenue Accounts Receivable	A-15	866,784.04	
Federal and State Grants Receivable	A-18	17,350.00	
Federal and State Grants Unappropriated	A-20	14,449.93	
Miscellaneous Revenue Not Anticipated	A-2	138,239.02	
Insurance Claims	A	293,446.33	
Tax Overpayments	A-10	278.01	
Tax Anticipation Notes	A	1,000,000.00	
Sewer Capital	D	375,000.00	
Other	A	10,446.08	
Emergency Notes	A	3,300,000.00	
FEMA Funds	A	339,242.10	
Interfunds:			
Capital	A	9,985.41	
Trust Unemployment	B	3,345.69	
Sewer Utility Operating	A	45,471.42	
Dog Trust	A	<u>7,322.00</u>	
			<u>15,345,409.56</u>
			16,010,488.77
Decreased by:			
Budget Appropriations	A-3	5,848,212.64	
Federal and State Grants	A-19	6,377.13	
Accounts Payable	A	597.95	
Local District School Taxes	A-13	3,249,355.50	
County Taxes Payable	A-14	904,974.18	
Tax Overpayments Refunded	A-10	1,143.92	
Tax Anticipation Note	A	1,500,000.00	
Tax Appeals	A-17	3,176.94	
Encumbrances	A	20,000.00	
Interfunds:			
Capital	C	60,289.14	
Trust Other	B	1,159.00	
Dog Trust	A-21	<u>19,166.18</u>	
			<u>11,614,452.58</u>
Balance December 31, 2012	A		<u><u>\$ 4,396,036.19</u></u>



**CURRENT FUND**

**Exhibit A-5**

**SCHEDULE OF CASH - TAX COLLECTOR**

	<u>Ref.</u>		
Balance July 1, 2012	A		\$ 1,695,969.34
Increased by:			
Taxes Receivable	A-7	\$ 7,157,478.79	
Tax Overpayments	A-10	278.01	
Other Fees & Permits	A-4	2,406.99	
Prepaid Taxes	A	38,087.96	
Interest and Costs on Taxes	A-15	9,885.28	
Advertising Fees	A-2	1,524.75	
Tax Sale Costs	A-4	3,771.78	
Duplicate Bills	A-5	<u>131.58</u>	
			<u>7,213,565.14</u>
			8,909,534.48
Decreased by:			
Paid to Treasurer	A-4		<u>8,853,736.00</u>
Balance December 31, 2012	A		<u><u>\$ 55,798.48</u></u>

CURRENT FUND

Exhibit A-6

SCHEDULE OF CASH - BOROUGH CLERK

	<u>Ref.</u>		
Balance July 1, 2012	A		\$ 7,100.96
Increased by:			
Bid Specs	A-2	\$ 700.00	
OPRA Copies		20.55	
Taxi License		125.00	
Land Use	A-2	75.00	
Canvassing Permits	A-2	90.00	
Polling Rental	Contra	800.00	
Liquor License	A	<u>700.00</u>	
			<u>2,510.55</u>
			9,611.51
Decreased by:			
Pooling Rental	Contra	800.00	
Payments to Treasurer	A-4	<u>8,811.48</u>	
			<u>9,611.48</u>
Balance December 31, 2012	A		<u><u>\$ 0.03</u></u>

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

Exhibit A-7

**CURRENT FUND**

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance July 1, 2012</u>	<u>State Fiscal Year Tax Levy</u>	<u>2011</u>	<u>Cash 2012</u>	<u>Veterans and Senior Citizens Deductions</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
Prior Years 2012	\$ 105,459.54	7,418,044.96	19,096.16	105,459.54 7,052,192.94	29,627.04	21,107.83	296,020.99
	<u>\$ 105,459.54</u>	<u>7,418,044.96</u>	<u>19,096.16</u>	<u>7,157,652.48</u>	<u>29,627.04</u>	<u>21,107.83</u>	<u>296,020.99</u>
<b>Ref.</b>	A		A	A-4,5	A-8		A

**Analysis of Property Tax Levy**

Fiscal Year Tax Levy  
Added and Omitted Taxes

\$ 7,382,136.24  
35,908.72

\$ 7,418,044.96

**Tax Levy**

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

796,627.56  
47,291.89  
16,429.48  
44,625.25  
4,423.09

\$ 3,249,355.50

909,397.27

Amount to be Raised in Support of Municipal Budget  
Added Taxes

3,080,439.00  
178,853.19

\$ 7,418,044.96

**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 July 1, 2012	<u>Ref.</u> A		\$ 64,095.04
Increased by:			
Veterans Per Tax Billings		10,000.00	
Senior Citizens Per Tax Billings		21,875.00	
Veterans Disallowed by Tax Collector		<u>(2,247.96)</u>	
	A-7		<u>29,627.04</u>
			93,722.08
Decreased by:			
Received from State	A-4		<u>61,502.05</u>
Balance December 31, 2012	A		<u><u>\$ 32,220.03</u></u>

**SCHEDULE OF DEMOLITION LIENS**

**Exhibit A-9**

Balance December 31, 2012	<u>Ref.</u> A		<u><u>\$ 14,508.12</u></u>
---------------------------	------------------	--	----------------------------

**CURRENT FUND**

**Exhibit A-10**

**SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>	
Balance July 1, 2012	A	\$ 2,399.23
Increased by:		
Receipts	A-4-5	278.01
		<u>2,677.24</u>
Decreased by:		
Refunded	A-4	1,143.92
		<u>1,143.92</u>
Balance December 31, 2012	A	<u>\$ 1,533.32</u>

**SCHEDULE OF RESERVE FOR FEMA FUNDS**

**Exhibit A-11**

	<u>Ref.</u>	
Decreased by :		
Cash Received	A-4	\$ 339,242.10
		<u>\$ 339,242.10</u>
Balance December 31, 2012	A	<u>\$ 339,242.10</u>

**SCHEDULE OF FORECLOSED PROPERTY**

**Exhibit A-12**

	<u>Ref.</u>	
Balance December 31, 2012	A	<u>\$ 2,191,000.00</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, 2012 to Dec. 31, 2012	A-1	\$ 3,249,355.50
Decreased by: Paid	A-4	<u>\$ 3,249,355.50</u>

**SCHEDULE OF COUNTY TAXES PAYABLE**

Exhibit A-14

	<u>Ref.</u>		
County Tax Levy:			
General County		\$ 796,627.56	
County Library		47,291.89	
County Health		16,429.48	
County Open Space Preservation		44,625.25	
Due County for Added Taxes		<u>4,423.09</u>	
	A-1		\$ 909,397.27
Decreased by:			
Paid	A-4		<u>904,974.18</u>
Balance Due December 31, 2012			<u>\$ 4,423.09</u>

**CURRENT FUND**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

	<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	6,300.00	6,300.00
Street Openings	A-2	1,210.50	1,210.50
Planning/Zoning Board	A-2	625.00	625.00
Tenant and Landlord Registration	A-2	1,170.00	1,170.00
Tax Assessor	A-2	30.00	30.00
Borough Clerk	A-2	1,710.55	1,710.55
Tax Office	A-2	2,816.58	2,816.58
Dumpsters	A-2	225.00	225.00
Municipal Court	A-2	68,573.73	68,573.73
Interest and Costs on Taxes	A-2	15,181.81	15,181.81
Energy Receipts Tax	A-2	610,258.00	610,258.00
Consolidated Municipal Property Tax Relief Aid	A-2	35,207.00	35,207.00
Uniform Construction Code Fees	A-2	53,093.00	53,093.00
AT&T Wireless	A-2	13,188.28	13,188.28
Recycling Costs	A-2	996.93	996.93
Parking Meters	A-2	22,670.19	22,670.19
Verizon	A-2	13,112.67	13,112.67
Metro PCS	A-2	6,210.90	6,210.90
T-Mobile	A-2	9,853.90	9,853.90
		<u>\$ 866,784.04</u>	<u>866,784.04</u>
Total Revenue			

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

**CURRENT FUND**

**Exhibit A-16**

**SCHEDULE OF APPROPRIATION RESERVES**

Balance July 1, 2012	<u>Ref.</u> A	\$ 116,947.42
Decreased by: Balance Lapsed	A-1	<u>\$ 116,947.42</u>



CURRENT FUND

Exhibit A-17

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>Ref.</u>	
Balance July 1, 2012	A	\$ 100,000.00
Decreased by:		
Disbursed	A-4	<u>3,176.94</u>
Balance December 31, 2012	A	<u>\$ 96,823.06</u>

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

Exhibit A-18

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF GRANTS RECEIVABLE**

<b>Purpose</b>	<b>Balance July 1, 2012</b>	<b>6 Months Budget Revenue Realized</b>	<b>Received</b>	<b>Transferred From Unappropriated Reserve</b>	<b>Balance Dec. 31, 2012</b>
Department of Transportation	\$ 6,260.30				6,260.30
N.J. D.E.P. Sewer Infrastructure Phase II	8,330.62				8,330.62
Bayshore Saturation Patrol-DWI	9,380.00		7,350.00		2,030.00
DOT-Scholar Park Phase II	480,250.00				480,250.00
Recycling Tonnage Grant		11,155.35		11,155.35	
Police Body Armor	18.00	1,692.40		1,692.40	18.00
Jewish Foundation of New Jersey		10,000.00	10,000.00		-
Clean Communities		9,474.09		9,474.09	-
DWI		5,736.57		5,736.57	-
Department of Transportation-Harris Ave.	14,009.38				14,009.38
Aggressive Driving Enforcement	2,800.00				2,800.00
DOT-Edmunds Ave Phase II	27,372.40				27,372.40
DEP-Shore Protection	30.00				30.00
DOT-Flat Creek Dredging	38,811.50				38,811.50
Legislative OEM Grant	2,405.72				2,405.72
	<u>\$ 589,667.92</u>	<u>38,058.41</u>	<u>17,350.00</u>	<u>28,058.41</u>	<u>582,317.92</u>

Ref.

A

A-3

A-4

A-20

A

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF APPROPRIATION RESERVES**

<u>Grant</u>	<u>Balance July 1, 2012</u>	<u>Transfer From 6 Month Budget</u>	<u>Expended</u>	<u>Balance Dec. 31, 2012</u>
Recycling Tonnage	\$ 13,370.52	11,155.35		24,525.87
Clean Shores	1,223.10			1,223.10
Clean Communities	16,476.52	9,474.09	1,209.13	24,741.48
Special Legislative Grant Police	919.98			919.98
Police Body Armor	5,291.48	1,692.90		6,984.38
Municipal Storm Water Grant	6,797.25			6,797.25
Improvements to Pine Street	51.90			51.90
Federal Beachfront Grant	303,399.75			303,399.75
DOT-Reconst Jersey Ave.-Phase II	314.09			314.09
Jewish Foundation of New Jersey		10,000.00		10,000.00
DEP Shore Protection	30.00			30.00
DOT Flat Creek Dredging	3,447.85			3,447.85
Alcohol Ed. and Rehabilitation	3,742.29		168.00	3,574.29
State Recycling	7,920.67			7,920.67
County of Monmouth Open Space Grant	15,179.41			15,179.41
Sholar Park Phase II	114,046.23			114,046.23
Click it or Ticket	4,000.00		4,000.00	-
Emergency Management Performance Grant	1,458.83			1,458.83
Drunk Driving Enforcement Fund	3,650.00	5,736.57	1,000.00	8,386.57
	<u>\$ 501,319.87</u>	<u>38,058.91</u>	<u>6,377.13</u>	<u>533,001.65</u>

Ref. A

A-4

A

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF UNAPPROPRIATED RESERVES**

	<b>Balance July 1, 2012</b>	<b>Transferred To 6 Month Budget Appropriations</b>	<b>Received</b>	<b>Balance Dec. 31, 2012</b>
Police Body Armor	\$ 1,692.90	1,692.40	1,638.35	1,638.85
DWI	5,736.57	5,736.57	1,904.06	1,904.06
Driving While Intoxicated	11,155.35	11,155.35	900.00	900.00
Recycling Tonnage	9,474.09	9,474.09	10,007.52	10,007.52
Clean Communities	-	-	-	-
	<u>\$ 28,058.91</u>	<u>28,058.41</u>	<u>14,449.93</u>	<u>14,450.43</u>

Ref.

A

A-18

A-4

A

**CURRENT FUND**

**Exhibit A-21**

**SCHEDULE OF DUE TO/FROM DOG TRUST FUND**

	<b><u>Ref.</u></b>	
Balance July 1, 2012 Due From	A	\$ 8,988.18
Increased by:		
Disbursements Made in Current Fund	A-4	<u>10,178.00</u>
		19,166.18
Decreased by:		
Deferred Charges	A-3	<u>17,500.00</u>
Balance December 31, 2012 Due From	A	<u><u>\$ 1,666.18</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>State Unemployment Insurance</u>	<u>Dog Fund</u>	<u>Payroll Account</u>	<u>Trust Other</u>	<u>Total</u>
Balance July 1, 2012	B	\$ 3,347.43	-	16,697.44	136,346.74	156,391.61
Increased by Receipts:						
Dog Licenses Fees	B-3		766.65		1,079.49	766.65
Performance Escrow	B-5				270,698.61	1,079.49
Tax Title Liens	B-6				2,351.06	270,698.61
National Night Out	B-8				1.42	2,351.06
Law Enforcement	B-9				17,576.67	1.42
Special Duty Police	B-10				115,923.34	17,576.67
Disaster Relief Fund	B-11			10,049.17	115,923.34	115,923.34
Payroll/Agency	B				232,291.90	10,049.17
Tax Premium	B-7				639,922.49	232,291.90
Total Receipts		3,347.43	766.65	10,049.17	776,269.23	650,738.31
Total Receipts and Balances			766.65	26,746.61	776,269.23	807,129.92
Decreased by Disbursements:						
Performance Escrow	B-5				4,723.55	4,723.55
Tax Title Lien	B-6				270,275.98	270,275.98
National Night Out	B-8				1,124.00	1,124.00
Special Duty Police	B-9				25,014.67	25,014.67
Tax Premium	B-7				127,597.43	127,597.43
Total Disbursements					428,735.63	428,735.63
Balance December 31, 2012	B	\$ 3,347.43	766.65	26,746.61	347,533.60	378,394.29

**TRUST FUND**

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ (8,988.18)
Increased by:		
Budget Appropriations	A-3	17,500.00
		<u>8,511.82</u>
Decreased by:		
Expenditures Made in Current	B-3	9,411.35
		<u>9,411.35</u>
Balance December 31, 2012	B	<u>\$ (899.53)</u>

**SCHEDULE OF INTERFUND - CURRENT**

**DOG TRUST**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 8,988.18
Increased by:		
Expenditures Made in Current	B-1,B-2	10,178.00
		<u>19,166.18</u>
Decreased by:		
Turned Over to Current	B-2	17,500.00
		<u>17,500.00</u>
Balance December 31, 2012	B	<u>\$ 1,666.18</u>

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

**Exhibit B-4**

**SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 1.74
Increased by:		
Receipts	B-1	<u>20,000.00</u>
		20,001.74
Decreased by:		
Payments Made in Current Fund	B	<u>1,687.27</u>
Balance December 31, 2012	B	<u><u>\$ 18,314.47</u></u>

**SCHEDULE OF RESERVE FOR PERFORMANCE ESCROW**

**Exhibit B-5**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 28,882.66
Increased by:		
Receipts	B-1	<u>1,079.49</u>
		29,962.15
Decreased by:		
Disbursements	B-1	<u>4,723.55</u>
Balance December 31, 2012	B	<u><u>\$ 25,238.60</u></u>



**Exhibit B-6**

**SCHEDULE OF RESERVE FOR TAX TITLE LIENS**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 4,453.04
Increased by:		
Receipts	B-1	<u>270,698.61</u>
		275,151.65
Decreased by:		
Disbursements	B-1	<u>270,275.98</u>
Balance December 31, 2012	B	<u><u>\$ 4,875.67</u></u>

**SCHEDULE OF RESERVE FOR TAX SALE PREMIUM**

**Exhibit B-7**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 83,326.45
Increased by:		
Receipts	B-1	<u>232,291.90</u>
		315,618.35
Decreased by:		
Disbursements	B-1	<u>127,597.43</u>
Balance December 31, 2012	B	<u><u>\$ 188,020.92</u></u>

**SCHEDULE OF RESERVE FOR NATIONAL NIGHT OUT**

**Exhibit B-8**

	<u>Ref.</u>	
Increased by:		
Receipts	B-1	2,351.06
Decreased by:		
Disbursements	B-1	<u>1,124.00</u>
Balance December 31, 2012	B	<u><u>\$ 1,227.06</u></u>

**Exhibit B-9**

**SCHEDULE OF RESERVE**  
**FOR LAW ENFORCEMENT TRUST**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 8,344.21
Increased by:		
Receipts	B-1	<u>1.42</u>
Balance December 31, 2012	B	<u><u>\$ 8,345.63</u></u>

**SCHEDULE OF SPECIAL DUTY POLICE**

**Exhibit B-10**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 8,965.53
Increased by:		
Receipts	B-1	<u>17,576.67</u>
		26,542.20
Decreased by:		
Disbursements	B-1	<u>25,014.67</u>
Balance December 31, 2012	B	<u><u>\$ 1,527.53</u></u>

**SCHEDULE OF DISASTER RELIEF FUND**

**Exhibit B-11**

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

**SCHEDULE OF RESERVE FOR VARIOUS RESERVES**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 19,616.14
Increased by:		
Interfund - Current	B-13	<u>1,099.00</u>
		20,715.14
Decreased by:		
Interfund - Current	B-13	<u>2,258.00</u>
Balance December 31, 2012	B	<u><u>\$ 18,457.14</u></u>

**SCHEDULE OF INTERFUND - DUE FROM CURRENT**

	<u>Ref.</u>	
Balance July 1, 2012	B	\$ 17,241.29
Increased by:		
Various Reserves	B-12	<u>1,099.00</u>
		18,340.29
Decreased by:		
Various Reserves	B-12	<u>2,258.00</u>
Balance December 31, 2012	B	<u><u>\$ 16,082.29</u></u>

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH****GENERAL CAPITAL FUND****SCHEDULE OF CAPITAL CASH****Exhibit C-2**

Balance July 1, 2012	<u>Ref.</u> C		\$ 630,535.53
Increased by:			
Capital Improvement Fund	C-8	\$ 25,000.00	
Transportation Grant	C-3	<u>200,000.00</u>	
			<u>225,000.00</u>
			855,535.53
Decreased By:			
Current Emergency Note	C-3	300,000.00	
Improvement Authorizations	C-6	<u>503,699.53</u>	
			<u>803,699.53</u>
Balance December 31, 2012	C		<u><u>\$ 51,836.00</u></u>

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	Balance	Receipts		Disbursements		Transfers		Balance
	July 1, 2012	From	To	From	To	From	To	Dec. 31, 2012
Fund Balance	\$ 23,516.70							23,516.70
Capital Improvement Fund	0.70							19,250.70
Department of Transportation #635	(19,441.58)					5,750.00	25,000.00	(19,441.58)
Department of Transportation 2008-117	(40,000.00)							(40,000.00)
Department of Transportation 2011-175	(200,000.00)			200,000.00				-
Emergency Note				300,000.00				(300,000.00)
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							9,986.87
Interfund Current						25,000.00		-
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 Acqu. 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)							(50,000.00)
2009-135 Various Improvements	31,513.04							31,513.04
2010-154 Various Improvements	210.00							210.00
2012-185 Various Improvements	582,758.65			503,699.53				79,059.12
2012-190 Various Improvements							5,750.00	5,750.00
	\$ 630,535.53			225,000.00		30,750.00		51,836.00

Ref. C C-2 C-2 C

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

Exhibit C-4

**GENERAL CAPITAL FUND**

**DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

<b>Ordinance Number</b>	<b>Description</b>	<b>Balance July 1, 2012</b>	<b>Authorized In Fiscal Year 2013</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2012</b>
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			964,750.00
2005-58	Various Improvements	428,300.00		17,900.00	410,400.00
2007-96	Various Improvements	354,500.00			354,500.00
2008-117	Various Improvements	513,850.00		15,300.00	498,550.00
2009-135	Various Improvements	317,000.00		10,100.00	306,900.00
2009-135	Various Improvements	238,450.00		13,600.00	224,850.00
2011-175	Various Improvements	294,524.00			294,524.00
2012-185	Various Improvements	495,425.00			495,425.00
2012-190	Various Improvements	-	109,250.00		109,250.00
		<u>\$ 3,670,224.00</u>	<u>109,250.00</u>	<u>56,900.00</u>	<u>3,722,574.00</u>
		C	C-6	C-3	C
	Budget			\$ 56,900.00	

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

Exhibit C-5

**SCHEDULE OF BOND ANTICIPATION NOTES**

	<b>Original Amount Issued</b>	<b>Original Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance July 1, 2012</b>	<b>Paid</b>	<b>Balance Dec. 31, 2012</b>
Various Improvements	1,106,000.00	3/18/04	3/8/13	1.50%	964,000.00		964,000.00
Various Improvements	517,000.00	7/14/05	3/8/13	1.14%	427,500.00	17,900.00	409,600.00
Various Improvements	596,000.00	7/13/06	3/8/13	1.14%	545,400.00	15,300.00	530,100.00
Various Improvements	368,600.00	6/8/07	3/8/13	1.50%	354,500.00		354,500.00
Various Improvements	529,150.00	7/11/08	3/8/13	1.14%	515,550.00	13,600.00	501,950.00
Various Improvements	330,600.00	7/10/09	3/8/13	1.14%	330,600.00	10,100.00	320,500.00
Various Improvements	238,450.00	7/9/10	3/8/13	1.14%	238,450.00		238,450.00
Various Improvements	294,524.00	11/3/11	3/8/13	1.65%	294,524.00		294,524.00
Various Improvements	495,425.00	6/29/12	3/8/13	1.14%	495,425.00		495,425.00
					<u>\$ 4,165,949.00</u>	<u>56,900.00</u>	<u>4,109,049.00</u>

Ref.

C

C





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

Exhibit C-7

**GENERAL CAPITAL FUND**

**SCHEDULE OF SERIAL BONDS**

<b>Purpose</b>	<b>Date of Issue</b>	<b>Amount of Original Issue</b>	<b>Maturities of Bonds Outstanding</b>		<b>Interest Rate</b>	<b>Balance July 1, 2012</b>	<b>Paid</b>	<b>Balance Dec. 31, 2012</b>
			<b>Date</b>	<b>Amount</b>				
General Improvements	11/15/01	\$ 3,425,000.00	1/1/2013-15	\$ 300,000.00	4.30%	\$ 900,000.00		900,000.00
General Improvements	7/8/11	2,319,000.00	7/1/13	100,000.00	2.00%	2,319,000.00	100,000.00	2,219,000.00
			7/1/14	105,000.00				
			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					
						\$ 3,219,000.00	100,000.00	3,119,000.00

Ref. C C

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

Exhibit C-8

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance July 1, 2012	C	\$ 0.70
Increased by:		
Fiscal Year 2012 Appropriations	C-11	<u>25,000.00</u>
		25,000.70
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>5,750.00</u>
Balance Dec. 31, 2012	C	<u><u>\$ 19,250.70</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GRANTS RECEIVABLE

	<u>Ref.</u>	<u>Total</u>	<u>Ord. 2008-117</u> <u>Department of</u> <u>Transportation</u>	<u>Ord. 635</u> <u>Department of</u> <u>Transportation</u>	<u>Ord. 805</u> <u>Green Acres</u>	<u>Ord. 2003-22</u> <u>Department of</u> <u>Transportation</u>	<u>Ord.2011-175</u> <u>Department of</u> <u>Transportation</u>	<u>Ord.2012-185</u> <u>Open</u> <u>Spaces</u>
Balance July 1, 2012	C	\$ 364,524.83	40,000.00	19,441.58	6,333.25	63,750.00	200,000.00	35,000.00
Added 2012	C-2	200,000.00						200,000.00
Received	C-2	200,000.00					200,000.00	
Balance December 31, 2012	C	\$ 364,524.83	40,000.00	19,441.58	6,333.25	63,750.00	-	235,000.00

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2012	Paid	Balance Dec. 31, 2012
		Date	Amount				
8/1/01	\$ 600,000.00	8/1/13	\$ 29,031.08	5.00%	\$ 309,968.35	30,490.87	279,477.48
		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				
					\$ 309,968.35	30,490.87	279,477.48

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 July 1, 2012</u>	<u>2012 6 Months Authorizations</u>	<u>Balance Dec. 31, 2012</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
		<u>\$ 4,275.00</u>	<u>109,250.00</u>	<u>113,525.00</u>

Ref.

C

C-4

C

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

Exhibit C-12

**GENERAL CAPITAL FUND**

**SCHEDULE OF GREEN ARCES LOAN**

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2012	Added	Paid	Balance Dec. 31, 2012
		Date	Amount					
11/10/05	\$ 500,000.00	2/16/06 to 2/16/25	Various	2.00%	\$ 366,705.16		11,883.27	354,821.89
6/18/07	250,000.00	3/21/08 to 3/21/26	Various	2.00%	197,610.67		6,143.24	191,467.43
9/7/07	220,000.00	7/01/08 to 7/01/27	Various	2.00%	181,744.48		5,024.62	176,719.86
9/3/08	144,075.80	9/03/08 to 6/05/28	Various	2.00%	122,279.39		3,257.99	119,021.40
8/1/09	132,885.98	8/01/09 to 8/26/26	Various	2.00%	105,854.38		4,491.48	101,362.90
	56,408.50	10/25/07 to 10/25/18	Various	2.00%		33,459.74	2,422.98	31,036.76
					\$ 974,194.08	33,459.74	33,223.58	974,430.24

Ref.

C

C

**SEWER UTILITY FUND**

**Exhibit D-4**

**SCHEDULE OF CASH**

	<u>Ref.</u>		
Balance July 1, 2012	D		\$ 530.80
Increased by:			
Sewer Charges Receivable	D-2	\$ 601,176.01	
Miscellaneous Revenue Not Anticipated	D-2	<u>2,228.43</u>	
			<u>603,404.44</u>
			603,935.24
Decreased by:			
Payments to Current Fund			<u>349,802.01</u>
Balance December 31, 2012	D		<u><u>\$ 254,133.23</u></u>

**SEWER CAPITAL FUND**

**SCHEDULE OF CASH**

**Exhibit D-5**

Balance July 1 2012 and December 31, 2012	D		<u><u>\$ 285,000.00</u></u>
---	---	--	-----------------------------

**SEWER UTILITY FUND**

**Exhibit D-6**

**SCHEDULE OF SEWER RENTS RECEIVABLE**

	<b><u>Ref.</u></b>	
Balance July 1, 2012	D	\$ 101,202.78
Increased by:		
Rents Levied		<u>572,287.83</u>
		673,490.61
Decreased by:		
Receipts - Sewer Account	D-2	<u>518,405.40</u>
Balance December 31, 2012	D	<u><u>\$ 155,085.21</u></u>

**SCHEDULE OF APPROPRIATION RESERVES**

**Exhibit D-7**

	<b><u>Ref.</u></b>	
Balance July 1, 2012	D	<u>\$ 13.89</u>
Decreased by:		
Cancelled	D-1	<u><u>\$ 13.89</u></u>



**SEWER OPERATING UTILITY FUND**

**SCHEDULE OF FIXED CAPITAL**

**Exhibit D-8**

Balance July 1, 2012 and December 31, 2012	<b><u>Ref.</u></b> D	<u>\$ 2,013,325.50</u>
--	-------------------------	------------------------

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

**Exhibit D-9**

Balance July 1, 2012 and December 31, 2012	<b><u>Ref.</u></b> D	<u>\$ 5,000.00</u>
--	-------------------------	--------------------

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

Exhibit D-10

**SEWER UTILITY FUND**

**SCHEDULE OF U.S.D.A. LOAN**

<b><u>Description</u></b>	<b><u>Date of Issue</u></b>	<b><u>Original Amount Issued</u></b>	<b><u>Date</u></b>	<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance July 1, 2012</u></b>	<b><u>Paid</u></b>	<b><u>Balance Dec. 31, 2012</u></b>
Improvements to Sewer System	7/17/02	\$2,022,000.00	1/17/13	\$ 28,739.13	4.75%	\$1,816,369.53	27,421.15	1,788,948.38
			1/17/14	30,120.44				
			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				
						<u>\$1,816,369.53</u>	<u>27,421.15</u>	<u>1,788,948.38</u>

Ref.

D

D-3

D

**SEWER UTILITY FUND**

**SCHEDULE OF BOND ANTICIPATION NOTES**

<b>Description</b>	<b>Original Amount Issued</b>	<b>Original Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance July 1, 2012</b>	<b>Balance Dec. 31, 2012</b>
Various Capital Improvements	\$ 100,000.00	6/8/07	3/8/13	1.500%	\$ 89,400.00	89,400.00
Various Capital Improvements	285,000.00	11/3/12	3/8/13	1.650%	285,000.00	285,000.00
					<u>\$ 374,400.00</u>	<u>374,400.00</u>

Ref.

D

D

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

**SEWER CAPITAL UTILITY FUND**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Exhibit D-12

<u>Ord. #</u>	<u>Description</u>	<u>2012 Fiscal Year Authorizations</u>	<u>Balance Dec. 31, 2012</u>	
			<u>Funded</u>	<u>Unfunded</u>
2011-178	Improvements to Sewer System	\$ 300,000.00	15,000.00	285,000.00
	Ref.	D-10, D-12	D	D

**PUBLIC ASSISTANCE FUND**

**SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION**

**PER N.J.S.A. 40A:5-5**

	<b><u>Ref.</u></b>	
Balance July 1, 2012	E	\$ 10,353.16
Decreased by:		
Bank Analysis Fees		<u>111.19</u>
Balance December 31, 2012	E	<u><u>\$ 10,241.97</u></u>

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**PART III**

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS**

**SIX MONTHS ENDED DECEMBER 31, 2012**

*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.

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

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

**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 Board of Commissioners  
 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, 2012, and have issued our report thereon dated May 24, 2013. 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 May 24, 2013.

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

May 24, 2013



**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**SIX MONTHS ENDED DECEMBER 31, 2012**

## **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 or 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 July 6, 2012 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:

<b><u>Year</u></b>	<b><u>Number of Liens</u></b>
2012	0
2011	0
2010	0

**Verification of Delinquent Taxes and Other Charges**

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

<b><u>Type</u></b>	<b><u>Number Mailed</u></b>
Payment of 2012 & 2013 Taxes	25
Payment of Sewer Utility	25

**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:

The Finding regarding Municipal Court Deposits with 48 hours has been corrected

The Finding regarding the updating of its fixed asset records with a software program has been repeated. The Borough is still in the recovery phase from the hurricane.

**RECOMMENDATIONS**

**Fixed Assets**

**Finding – 12-01:** The Borough has a manual fixed asset accounting system, however it is not sufficient.

**Recommendation:** That the Borough updates the fixed assets records with a software program 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.