BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED

DECEMBER 31, 2013

Oliwa & Company
Certified Public Accountants

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2013

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BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
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COUNTY OF MONMOUTH
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BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough Commission
Borough of Monmouth Beach
County of Monmouth
Monmouth Beach, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and the account group of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough") as of December 31, 2013 and 2012, the related statement of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2013 and 2012, or changes in its financial position for the years then ended.

Basis for Qualified Opinion on the General Fixed Assets Account Group

The Borough did not record capital asset additions and dispositions occurring in 2013 and 2012 to the General Fixed Assets Account Group - Regulatory Basis as of December 31, 2013 and 2012. It was not practicable to determine capital asset additions and dispositions occurring in 2013 and 2012 that should have recorded in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the General Fixed Assets Account Group paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheet - regulatory basis of the General Fixed Assets Account Group of the Borough as of December 31, 2013 and 2012 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Qualified Opinion on the Trust Fund

The financial statements of the Length of Service Award Program ("LOSAP") Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 8.69% and 8.18% of the assets and liabilities, reserves and net assets of the Borough's Trust Fund as of December 31, 2013 and 2012, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Trust Fund paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Trust Fund of the Borough as of December 31, 2013 and 2012, and the statement of fund balance for the years then ended in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Current Fund and the General Capital Fund of the Borough as of December 31, 2013 and 2012, the statement of operations and change in fund balance - regulatory basis for the years then ended, the statement of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis for the year ended December 31, 2013 and the statement of expenditures - regulatory basis for the year ended December 31, 2013 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough's financial statements. The supplementary schedules and comments section listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The supplementary schedules, comments section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the LOSAP Fund supplementary schedules, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole, based on the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2014 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.

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

Oliwa & Company

Freehold, New Jersey
November 14, 2014

Oliwa & Company

Certified Public Accountants

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

To the Honorable Mayor and
Members of the Borough Commission
Borough of Monmouth Beach
County of Monmouth
Monmouth Beach, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division), the regulatory basis financial statements of the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough") as of and for the year ended December 31, 2013, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated November 14, 2014, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division. We expressed unmodified opinions on the regulatory basis financial statements of the Current Fund and General Capital Fund as to conformity with the financial reporting provisions of the Division, a qualified opinion on the regulatory basis financial statements of the General Fixed Assets Account Group as to conformity with the financial reporting provisions of the Division, and a qualified opinion on the regulatory basis financial statements of the Trust Fund because the Length of Service Award Program Fund was not audited.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2013-001 and 2013-002).

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Internal Control over Financial Reporting (Continued)

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. These findings have also been reported to the management of the Borough in the accompanying comments and recommendations section.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the management of the Borough in a separate letter dated November 14, 2014.

Borough's Response to Findings

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

Purpose of this Report

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

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

Oliwa & Company

Freehold, New Jersey
November 14, 2014

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Assets			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	$7,432,412	$5,081,156
Cash - Change Funds		500	500
Cash - Petty Cash Funds		600	
		7,433,512	5,081,656
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	289,698	220,509
Tax Title Liens Receivable	A-7	26,894	23,772
Property Acquired for Taxes - Assessed Valuation		60,750	60,750
Revenue Accounts Receivable	A-8	3,927	2,287
Due from Federal and State Grant Fund		41,636	
	A	422,905	307,318
Deferred Charge:			
Special Emergency Authorization (40A:4-54)		2,986,155	1,000,000
		10,842,572	6,388,974
Federal and State Grant Fund:			
Due from Current Fund			93,025
Grants Receivable	A-13	543,750	343,750
		543,750	436,775
		$11,386,322	$6,825,749

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Liabilities, Reserves and Fund Balance			
Appropriation Reserves	A-3:A-9	$341,042	$307,883
Encumbrances Payable	A-12	11,472	113,904
Local School District Tax Payable	A-10	1,205,126	1,303,107
Prepaid Taxes		295,532	150,753
Tax Overpayments			20,326
Due State - Marriage Licenses		125	200
Due to State of New Jersey (P.L. 1971, Ch. 20)		1,500	1,000
Regional High School Tax Payable	A-11	1,186,297	1,318,642
Reserve for P.E.O.S.H.A.		2,897	2,897
Due County for Added and Omitted Taxes		16,692	18,016
Due to Federal and State Grant Fund			93,025
Special Emergency Note Payable		5,931,155	1,000,000
Reserve for Tax Appeals		80,689	30,689
Reserve for Revaluation		2,172	5,622
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		12,860	12,860
Reserve for Hurricane Sandy		80,067	31,587
Due to Two Rivers Municipal Utilities Authority		6,605	
Reserve for Monmouth Beach Bathing Pavilion Concession			2,500
		9,174,231	4,413,011
Reserves for Receivables and Other Assets	A	422,905	307,318
Fund Balance	A-1	1,245,436	1,668,645
		10,842,572	6,388,974
Federal and State Grant Fund:			
Due to Current Fund		41,636	
Appropriated Reserves	A-14	494,321	425,595
Unappropriated Reserves	A-15	7,793	11,180
		543,750	436,775
		$11,386,322	$6,825,749

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	Ref.	2013	2012
Revenue and Other Income Realized			
Fund Balance Anticipated	A-2	$1,450,000	$1,180,500
Miscellaneous Revenue Anticipated	A-2	3,120,134	1,710,224
Receipts from Delinquent Taxes	A-2	217,727	239,996
Receipts from Current Taxes	A-2	15,205,040	16,010,916
Non-Budget Revenues	A-2	353,715	489,407
Unexpended Balance of Appropriation Reserves	A-9	236,173	261,965
Other Credits to Income:			
Encumbrances Canceled	A-12	679	
Tax Overpayments Canceled			8
Cancellation of Appropriated Reserves			79,740
Interfunds Returned			6,082
Total Revenue		20,583,468	19,978,838
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,364,150	2,241,050
Other Expenses	A-3	5,335,553	3,339,025
Statutory Expenditures	A-3	519,500	502,420
Budget Appropriations Excluded from "CAPS"	A-3	2,616,863	1,239,894
County Taxes		3,793,102	3,892,051
Local District School Tax	A-10	4,149,172	4,317,142
Regional High School Tax	A-11	3,627,914	3,892,650
Cancellation of Grants Receivable			113,669
Refunds and Reimbursements		8,785	
Interfunds Advanced		41,636	
Miscellaneous		2	
Total Expenditures		22,456,677	19,537,901

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	Ref.	2013	2012
(Deficit)/Excess in Revenue		($1,873,209)	$440,937
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years		2,900,000	1,000,000
Statutory Excess to Fund Balance		1,026,791	1,440,937
Fund Balance January 1	A	1,668,645	1,408,208
		2,695,436	2,849,145
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	1,450,000	1,180,500
Fund Balance December 31	A	$1,245,436	$1,668,645

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2013

	Ref.	Anticipated Budget	Anticipated Special N.J.S. 40A:4-87	Realized	Excess/ (Deficit)
Fund Balance Anticipated	A-1	$1,450,000	-	$1,450,000	-
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	1,000		1,468	$468
Municipal Court Fines and Costs	A-8	65,000		56,047	(8,953)
Interest and Costs on Taxes	A-8	45,000		51,257	6,257
Bathing Pavilion	A-8	900,000		953,205	53,205
Energy Receipts Tax	A-8	291,039		291,039	
NJ Transportation Trust Fund Authority Act	A-13	200,000		200,000	
Drunk Driving Enforcement Fund	A-13	2,223		2,223	
Clean Communities Program	A-13	15,970		15,970	
Alcohol Education and Rehabilitation Fund	A-13	324		324	
Body Armor Replacement Fund	A-13	1,288		1,288	
FEMA Receivable	A-8	913,845		913,845	
Community Disaster Loan	A-8	633,468		633,468	
	A-1	3,069,157	-	3,120,134	50,977
Receipts from Delinquent Taxes	A-1:A-2	220,000	-	217,727	(2,273)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	3,971,318	-	4,408,252	436,934
Budget Totals		8,710,475		9,196,113	$485,638
Non-Budget Revenues	A-2		-	353,715	
		$8,710,475	-	$9,549,828	
	Ref.	A-3			

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2013

	Ref.	
Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	$ 15,205,040
Allocated to School and County Taxes		11,570,188
Balance for Support of Municipal Budget Appropriations		3,634,852
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	773,400
Amount for Support of Municipal Budget Appropriations	A-2	$4,408,252
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-2:A-6	$217,727

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2013

Analysis of Non-Budget Revenues	
Insurance Recovery Proceeds	$89,508
FEMA Reimbursements	51,986
Premium on Note Sale	41,437
Sewerage Authority Contribution	30,600
Verizon Franchise Fees	21,091
Planning Board	19,145
Refund of Prior Year Disbursements	18,662
Zoning Permits	18,170
Other Refunds and Reimbursements	14,804
Land Disturbance Permits	11,500
Code Enforcement	9,280
Recycling/Scrap Metal	8,772
Interest	5,703
Street Opening Permits	2,629
Vital Statistics	2,186
Uniform Fire Safety Fees	2,141
NJ DMV Fines	1,950
Fire Prevention Fees	910
Land Development Purchase	900
Senior Citizens and Veterans Administrative Fee	695
Police Reports and Fees	551
Raffle Licenses	360
Recreation Fees	360
Bad Check Fees	200
Board of Health Fees	125
Tax Search Fees	50
	$353,715
Ref.	A-1:A-2:A-4

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS"					
GENERAL GOVERNMENT					
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY					
Director's Office:					
Salaries and Wages	$3,000	$3,000	$3,000		
Other Expenses	10,400	10,400	9,293	$1,107	
Administrative and Executive:					
Salaries and Wages	113,000	113,000	104,178	8,822	
Other Expenses	16,200	16,200	13,993	2,207	
Borough Administrator:					
Salaries and Wages	60,000	60,000	53,144	6,856	
Other Expenses	1,000	1,000	389	611	
Municipal Clerk:					
Salaries and Wages	34,000	34,000	33,158	842	
Other Expenses	22,000	22,000	15,183	6,817	
Public Buildings, Parks and Grounds:					
Salaries and Wages	56,000	56,000	45,460	10,540	
Other Expenses	45,000	45,000	45,000		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages	$6,500	$6,500	$5,655	$845	
Other Expenses	22,000	22,000	20,898	1,102	
Bathing Pavilion:					
Salaries and Wages	221,000	221,000	221,000		
Other Expenses	78,000	78,000	77,834	166	
Bathing Pavilion Repairs:					
Salaries and Wages	7,500	7,500	7,500		
Other Expenses	20,000	20,000	20,000		
Police:					
Salaries and Wages	1,130,000	1,150,000	1,150,000		
Other Expenses	36,000	36,000	36,000		
Maintenance of Police Computer:					
Other Expenses	6,000	6,000	6,000		
Municipal Prosecutor:					
Salaries and Wages	11,500	11,500	11,249	251	
Other Expenses	250	250		250	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Board of Health:					
Salaries and Wages	$17,000	$17,000	$16,002	$998	
Other Expenses	40,000	40,000	40,000		
Animal Control Services Expense	10,000	10,000	10,000		
Municipal Court:					
Salaries and Wages	22,500	22,500	6,000	16,500	
Other Expenses	4,000	4,000	606	3,394	
Public Defender (P.L. 1997, Chapter 256)					
Salaries and Wages	1,500	1,500	1,500		
Emergency Management Services:					
Salaries and Wages	4,000	4,000	4,000		
Other Expenses	13,000	13,000	10,083	2,917	
Recreation Commission:					
Salaries and Wages	2,500	3,500	3,335	165	
Other Expenses	11,500	8,500	3,346	5,154	
Shade Tree Commission:					
Other Expenses	5,400	5,400	5,400		
Environmental Commission (R.S. 40:56A-1 et seq.):					
Salaries and Wages	1,500	1,500	1,357	143	
Other Expenses	2,700	2,700		2,700	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Housing Officer:					
Salaries and Wages	$9,500	$9,500	$9,266	$234	
Other Expenses	500	500	369	131	
Zoning Officer:					
Salaries and Wages	24,000	24,000	24,000		
Other Expenses	500	500	500		
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY					
Director's Office:					
Salaries and Wages	1,500	1,500	1,500		
Other Expenses	500	500	500		
Fire:					
Other Expenses:					
Fire Hydrant Service	42,000	42,000	40,465	1,535	
Miscellaneous Other Expenses	38,700	11,700	9,738	1,962	
Turnout Gear & Additional Equipment	56,000	83,000	82,403	597	
Municipal Services Act (P.L. 1989, Ch. 299)					
Other Expenses	5,000	5,000	4,183	817	
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):					
Salaries and Wages	7,000	7,000	5,721	1,279	
Other Expenses	2,250	2,250	2,250		
First Aid Organization - Contribution	25,000	25,000	25,000		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY (continued)					
Road Repairs and Maintenance:					
Salaries and Wages	$372,000	$372,000	$357,518	$14,482	
Other Expenses:	37,800	52,800	52,800		
Garbage and Trash Removal:					
Salaries and Wages	133,000	118,000	93,723	24,277	
Other Expenses	4,500	4,500	3,140	1,360	
Sanitary Landfill:					
Other Expenses	230,000	230,000	205,160	24,840	
Hurricane Sandy					
Other Expenses (Emergency $2,900,000)		2,900,000	2,900,000		
Repair to Public Access Beach Stairways					
Other Expenses	5,000	5,000	5,000		
Vehicle Maintenance	90,000	90,000	86,248	3,752	
Senior Citizen's Transportation:					
Salaries and Wages	5,500	5,500	4,841	659	
Other Expenses	250	250		250	
Drainage:					
Salaries and Wages	300	300		300	
Other Expenses	10,800	10,800	10,690	110	
Street Lighting:					
Other Expenses	55,000	55,000	50,928	4,072	
Engineering Services and Costs:					
Other Expenses	90,000	90,000	90,000		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEPARTMENT OF REVENUE AND FINANCE					
Director's Office:					
Salaries and Wages	$1,500	$1,500	$1,500		
Financial Administration:					
Salaries and Wages	66,100	66,100	51,751	$14,349	
Other Expenses	1,125	1,125	1,125		
Auditing Fees	35,000	35,000	28,720	6,280	
Assessment of Taxes:					
Salaries and Wages	30,000	30,000	29,791	209	
Other Expenses	7,500	7,500	6,202	1,298	
Collection of Taxes:					
Salaries and Wages	16,250	16,250	16,250		
Other Expenses	3,500	3,500	1,187	2,313	
Legal Services and Costs:					
Other Expenses:					
Miscellaneous	70,000	70,000	70,000		
Insurance:					
General Liability	88,000	88,000	81,235	6,765	
Workers Compensation	112,000	112,000	111,458	542	
Employee Group Health	763,678	763,678	727,715	35,963	
Accumulated Leave Compensation	15,500	15,500		15,500	
Computerized Data Processing	55,000	55,000	44,232	10,768	
Celebration of Public Event - Community Day	23,000	15,000	10,000	5,000	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNCLASSIFIED					
Utilities:					
Gasoline	$50,000	$50,000	$40,825	$9,175	
Fuel Oil	32,000	32,000	28,979	3,021	
Electricity	53,000	43,000	27,709	15,291	
Telephone and Telegraph	30,000	30,000	27,833	2,167	
Natural Gas	20,000	20,000	16,154	3,846	
Water	17,000	17,000	17,000		
Sewer	7,500	7,500	7,500		
Monmouth County Improvement Authority Administrative Expense	1,500	1,500		1,500	
Total Operations - Within "CAPS"	4,780,703	7,680,703	7,393,673	287,030	
Contingent	19,000	19,000	19,000		
Total Operations Including Contingent Within "CAPS"	4,799,703	7,699,703	7,412,673	287,030	
Detail:					
Salaries and Wages	2,358,150	2,364,150	2,262,400	101,750	
Other Expenses (including Contingent)	2,441,553	5,335,553	5,150,273	185,280	

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
STATUTORY EXPENDITURES					
Contribution To:					
Public Employees' Retirement System of NJ	$110,000	$110,000	$109,710	$290	
Social Security System (O.A.S.I.)	200,000	200,000	175,041	24,959	
Police and Firemen's Retirement System of NJ	198,000	198,000	197,460	540	
NJ Unemployment Trust Fund	10,000	10,000		10,000	
Defined Contribution Retirement Program	1,500	1,500		1,500	
Total Statutory Expenditures	519,500	519,500	482,211	37,289	
Total General Appropriations for Municipal Purposes - Within "CAPS"	5,319,203	8,219,203	7,894,884	324,319	
OPERATIONS EXCLUDED FROM "CAPS"					
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35):	35,000	35,000	18,277	16,723	
Tax Appeal Reserve	50,000	50,000	50,000		
Length of Service Awards Program	17,500	17,500	17,500		
State Recycling Tax	8,500	8,500	8,500		
Insurance:					
Group Health	36,322	36,322	36,322		
Total Other Operations - Excluded from "CAPS"	147,322	147,322	130,599	16,723	
Shared Services Agreements -					
County of Monmouth:					
911	4,800	4,800	4,800		
Dispatcher Services	31,000	31,000	31,000		
Municipal Court - Borough of Tinton Falls					
Other Expenses	50,000	50,000	50,000		
Total Interlocal Municipal Service Agreements	85,800	85,800	85,800		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Public and Private Programs Offset by Revenues:					
Drunk Driving Enforcement Fund	$2,223	$2,223	$2,223		
Body Armor Replacement Fund	1,288	1,288	1,288		
Alcohol Education and Rehabilitation Fund	324	324	324		
Clean Communities Program	15,970	15,970	15,970		
Total Public and Private Programs Offset by Revenues	19,805	19,805	19,805		
Total Operations - Excluded from "CAPS"	252,927	252,927	236,204	$16,723	
Detail:					
Other Expenses	252,927	252,927	236,204	16,723	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	122,000	122,000	122,000		
Improvements to Roads	25,000	25,000	25,000		
Upgrade of Police Radio Equipment	20,000	20,000	20,000		
Sand Replenishment Program	75,000	75,000	75,000		
Improvements to Bathing Pavilion	385,000	385,000	385,000		
NJ Transportation Trust Fund Authority Act	200,000	200,000	200,000		
Total Capital Improvements - Excluded from "CAPS"	827,000	827,000	827,000		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

	APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Anticipation and Capital Notes	$448,000	$448,000	$448,000		
Interest on Notes	133,000	133,000	132,461		$539
Capital Lease Obligations	43,100	43,100	42,630		470
Total Municipal Debt Service - Excluded from "CAPS"	624,100	624,100	623,091		1,009
Deferred Charges - Municipal - Excluded from "CAPS"					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-54)	913,845	913,845	913,845		
Total Deferred Charges - Municipal - Excluded from "CAPS"	913,845	913,845	913,845		

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2013

		APPROPRIATIONS		EXPENDED		Unexpended Balance Canceled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		$2,617,872	$2,617,872	$2,600,140	$16,723	$1,009
Subtotal General Appropriations		7,937,075	10,837,075	10,495,024	341,042	1,009
Reserve for Uncollected Taxes		773,400	773,400	773,400		
Total General Appropriations		$8,710,475	$11,610,475	$11,268,424	$341,042	$1,009
	Ref.	A-2		A-1	A:A-1	

	Ref.	
Budget	A-3	$8,710,475
Emergency Appropriation 40A:4-54		2,900,000
		$11,610,475

	Ref.	
Reserve for Uncollected Taxes	A-2	$773,400
Reserve for Grants	A-14	219,805
Encumbrances Payable	A-12	11,472
Reserve for Tax Appeals		50,000
Special Emergency Authorization 40A:4-54		913,845
Cash Disbursements	A-4	6,399,902
Reserve for Hurricane Sandy		2,900,000
		$11,268,424

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Assets			
Unemployment Fund:			
Cash and Cash Equivalents	B-2	$11,215	$26,241
Animal Control Fund:			
Cash and Cash Equivalents	B-2	1,766	1,763
Other Trust Fund:			
Cash and Cash Equivalents	B-2	1,086,570	855,910
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	B-6	104,662	78,748
		$1,204,213	$962,662

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Liabilities, Reserves and Fund Balance			
Unemployment Fund:			
Reserve for Unemployment Expenditures	B-5	$11,215	$26,241
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-4	1,705	1,763
Due to State of New Jersey		61	
		1,766	1,763
Other Trust Fund:			
Reserve for Other Trust Fund Deposits	B-3	1,081,268	850,608
Fund Balance	B-1	5,302	5,302
		1,086,570	855,910
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	B-7	104,662	78,748
		$1,204,213	$962,662

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE STATEMENT OF OTHER TRUST FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	Ref.	2013	2012
Balance, January 1	B	$5,302	$5,302
Increased/(Decreased)		-	-
Balance, December 31	B	$5,302	$5,302

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Assets			
Cash and Cash Equivalents	C-2	$6,780,653	$902,791
Deferred Charges to Future Taxation:			
Funded	C-8	5,840,000	
Unfunded	C-9	333,250	5,084,250
Grants Receivable	C-11	225,000	
Leased Assets under Capital Lease			40,600
		$13,178,903	$6,027,641
Liabilities, Reserves and Fund Balance			
Serial Bonds Payable	C-10	$5,840,000	
Bond Anticipation Notes	C-7	4,636,000	$5,084,000
Improvement Authorizations:			
Funded	C-6	1,986,603	23,233
Unfunded	C-6	225,000	137,873
Reserve for Improvements to Bathing Pavilion		283,355	144,208
Reserve for Computer System Upgrades			128
Reserve for Sand Replenishment		5,386	425,529
Reserve for Road Program		30,311	35,666
Reserve for Municipal Generator		646	646
Reserve for Dump Truck		20	20
Reserve for Telephone System for Police Department		357	357
Reserve for Preliminary Costs for Drainage Improvements at Drew Court		8,150	8,150
Reserve for Purchase of Bleachers for Park		7,000	7,000
Reserve for Purchase of Wood Chipper		8,309	8,309
Reserve for Improvements to Park Lights		350	350
Reserve for Purchase of Equipment for Bathing Pavilion Concession		236	236
Reserve for Improvements to Police Computers			2,337
Reserve for Purchase of Utility Vehicle		696	696
Reserve for Improvements to Library Building		14,735	14,735
Reserve for Upgrade of Police Radio Equipment		5,955	
Reserve for Debt Service for Seawall		24	24
Lease Obligation Payable	C-4		40,600
Capital Improvement Fund	C-5	77,128	66,128
Fund Balance	C-1	48,642	27,416
		$13,178,903	$6,027,641

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of $333,250 and $250, respectively. (Schedule C-12)

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2013 and 2012

	Ref.	2013	2012
Balance, January 1	C	$27,416	$8,122
Increased by:			
Premium on Sale of Bonds and Notes	C-2	21,226	19,294
Balance, December 31	C	$48,642	$27,416

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2013 and 2012

	Ref.	2013	2012
Assets			
General Fixed Assets:			
Land, Buildings and Improvements		$3,849,934	$3,849,934
Equipment		3,370,086	3,370,086
Total General Fixed Assets		$7,220,020	$7,220,020
Reserves			
Investment in General Fixed Assets	D-1	$7,220,020	$7,220,020

See Accompanying Notes

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of a local governmental entity, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2013.

B. Description of Funds

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

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

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

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

Unemployment Fund - used to record unemployment revenues and expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

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

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

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

General Fixed Assets Account Group - used to record fixed assets used in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

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

Expenditures - Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

2. TAXES COLLECTED IN ADVANCE

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

	Balance December 31,	
	2013	2012
Prepaid Taxes	$295,532	$150,753

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Deposits

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

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

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012 the Borough's bank balances were exposed to custodial credit risk as follows:

	December 31, 2013	December 31, 2012
Uninsured and Uncollateralized	$514,762	$411,218
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	13,312,662	5,792,455
	$13,827,424	$6,203,673

In addition, as of December 31, 2013 and 2012, the Borough had $1,268,988 and $1,263,775 respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments

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

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

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a GUDPA bank;

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

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.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program investments as reported on December 31, 2013 and 2012 were $104,662 and $78,748, respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2013 and 2012 no such investments were held by the Borough.

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

4. DEBT

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

Long-Term Debt

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

Purpose	Date of Issue	Original Issue	Interest Rates	Balance December 31, 2013
General Improvement	12/24/2013	$5,840,000	2.00%-5.00%	$5,840,000

4. DEBT (continued)

Long-Term Debt (continued)

Long-term bonded debt service requirements are as follows:

	General Capital Fund		
Year	Principal	Interest	Total
2014	$300,000	$245,308	$545,308
2015	330,000	256,050	586,050
2016	340,000	246,150	586,150
2017	350,000	232,550	582,550
2018	365,000	218,550	583,550
2019-2027	4,155,000	1,101,450	5,256,450
	$5,840,000	$2,300,058	$8,140,058

Long-term debt transactions for the year ended December 31, 2013 are summarized as follows:

	Balance Dec. 31, 2012	Additions	Deductions	Balance Dec. 31, 2013
General Capital Fund:				
General Serial Bonds	$0	$5,840,000	$0	$5,840,000

Short-Term Debt

At December 31, 2013 and 2012, the Borough's outstanding bond anticipation notes were as follows:

Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013
Various Capital Improvements and Sand Replenishment	10/2/13	1/7/14	0.90%	$4,636,000

Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012
Various Capital Improvements and Sand Replenishment	10/3/12	10/3/13	1.50%	$4,633,000
2012 Sand Replenishment	12/27/12	10/3/13	2.50%	451,000
				$5,084,000

4. **DEBT (continued)**

Short-Term Debt (continued)

Special Emergency Notes

At December 31, 2013 and 2012, the Borough's outstanding special emergency notes were as follows:

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013
Current Fund:				
Hurricane Sandy	10/2/13	1/7/14	0.90%	$2,986,155
Hurricane Sandy	12/5/13	12/4/14	2.00%	2,945,000
				$5,931,155

	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012
Current Fund:				
Hurricane Sandy	12/27/12	10/3/13	2.00%	$1,000,000

Short-term debt transactions for the years ended December 31, 2013 and 2012 are summarized as follows:

	Balance Dec. 31, 2012	Additions	Deductions	Balance Dec. 31, 2013
General Capital Fund	$5,084,000	$4,636,000	$5,084,000	$4,636,000
Current Fund	1,000,000	8,831,155	3,900,000	5,931,155
	$6,084,000	$13,467,155	$8,984,000	$10,567,155

	Balance Dec. 31, 2011	Additions	Deductions	Balance Dec. 31, 2012
General Capital Fund	$4,733,000	$5,084,000	$4,733,000	$5,084,000
Current Fund		1,000,000		1,000,000
	$4,733,000	$6,084,000	$4,733,000	$6,084,000

Bonds and Notes Authorized but not Issued

At December 31, 2013 and 2012 the Borough had authorized but not issued bonds and notes as follows:

	Balance Dec. 31, 2013	Balance Dec. 31, 2012
General Capital Fund	$333,250	$250

5. FUND BALANCE APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2013 and 2013 were as follows:

For the year ended December 31, 2014,

Current Fund	$1,000,000
General Capital Fund	48,642
Other Trust Fund	5,302

For the year ended December 31, 2013,

Current Fund	$1,450,000

6. LEASE OBLIGATION PAYABLE

The Borough participated in the Capital Equipment Lease Program of the Monmouth County Improvement Authority (the "Authority"). The Authority issued revenue bonds in which the Borough paid the debt service as part of the lease agreement. The Borough's lease obligation payable balance was $40,600 at December 31, 2012, and was paid in full in 2013.

7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

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

8. SCHOOL TAXES

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

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2013 and 2012 as follows:

	Local District School Tax		Regional High School Tax	
	2013	2012	2013	2012
Balance of Tax	$2,060,590	$2,158,571	$1,814,880	$1,947,225
Deferred	855,464	855,464	628,583	628,583
Tax Payable	$1,205,126	$1,303,107	$1,186,297	$1,318,642

9. PENSION PLANS

Description of Systems

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

Funding Policy

PERS employee contributions were 6.64% of base wages through June 30, 2013. Effective July 1, 2013 PERS employee contributions were 6.78% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually. Contributions to the plans for the past three years were as follows:

PERS		PFRS	
Year	Amount	Year	Amount
2013	$109,710	2013	$197,460
2012	105,509	2012	195,411
2011	101,330	2011	258,670

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

9. PENSION PLANS (continued)

Defined Contribution Retirement Program

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

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

10. POSTEMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 9, the Borough provides post-employment health and dental care for all employees who meet certain service requirements. Benefits consist of full medical and dental coverage and costs are reported as they are paid.

Plan Description

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et. seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. In 1994 the Borough authorized participation in the SHBP through resolution 16-94.

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

Funding Policy

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

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2013, 2012, and 2011 were $271,146 $222,820 and $240,250 respectively, which equaled the required contributions for each year.

11. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2013, 2012 and 2011 was $11,215, $26,241 and $14,070, respectively.

12. ACCRUED UNPAID SICK PAY BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2013 and 2012 were $208,716 and $249,481, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

13. RISK MANAGEMENT

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

14. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

15. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2013 and 2012 are presented below:

	December 31, 2013	December 31, 2012
Receivables		
Current Fund	$41,636	
Federal and State Grant Fund		$93,025
Payables		
Federal and State Grant Fund	$41,636	
Current Fund		$93,025

All balances resulted from the time lag between the dates that reimbursable expenses occurred and revenues/receipts were collected.

16. FIXED ASSETS

Fixed assets at December 31, 2013 and 2012 were as follows:

	Balance Dec. 31, 2012	Additions	Dispositions	Balance Dec. 31, 2013
Land, Buildings and Improvements	$3,849,934			$3,849,934
Equipment	3,370,086			3,370,086
	$7,220,020	-	-	$7,220,020

	Balance Dec. 31, 2011	Additions	Dispositions	Balance Dec. 31, 2012
Land, Buildings and Improvements	$3,849,934			$3,849,934
Equipment	3,370,086			3,370,086
	$7,220,020	-	-	$7,220,020

In 2012 the Borough was impacted by Hurricane Sandy. The accompanying flooding caused significant damage to certain of the Borough's buildings and equipment. The Borough expects to receive insurance proceeds and Federal Emergency Management Agency funds to recover most of the costs associated with the repair and replacement of assets damaged by the storm. The Borough's fixed asset inventory has not been adjusted for additions and dispositions occurring in 2013 and 2012. The carrying amount of the Borough's impaired buildings and equipment that were idle as of December 31, 2013 and 2012 has not been determined.

17. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2013 the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2013	2014 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-54)	$2,986,155	$921,494	$2,064,661

The appropriation in the 2014 budget was not less than required by statute.

At December 31, 2012 the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2012	2013 Budget Appropriation*	Balance to Succeeding Budgets
Special Emergency Authorization (40A:4-54)	$1,000,000	$913,845	$86,155

*The 2013 budget appropriation represents funding for a special emergency authorization approved by the Borough in 2013 relative to damage caused by Hurricane Sandy. The appropriation in the 2013 budget was not less than required by statute. In addition, on January 8, 2013 the Borough approved a special emergency authorization of $2,900,000 in response to extraordinary expenses associated with damage caused by Hurricane Sandy.

18. LENGTH OF SERVICE AWARD PROGRAM

The Borough has established a Length of Service Award Program for retention and recruitment of volunteer first aid personnel. The Length of Service Award Program has been established under the laws of the State of New Jersey with the intent that it meets requirements under Section 457(e)(11)(B) of the Internal Revenue Code.

Annual Contribution - The Borough's annual contribution, as increased by the cost of living adjustment, for each eligible volunteer member that met certain eligibility criteria was $1,238 in 2013 and $1,202 in 2012.

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

Periodic Increases - The annual contribution to be made by the Borough for each eligible volunteer member shall be increased by adding a cost of living adjustment as published by the New Jersey Department of Community Affairs.

19. COMMUNITY DISASTER LOANS OUTSTANDING

On May 14, 2013 the Borough approved a resolution authorizing the execution of a promissory note for a Community Disaster Loan (the "Loan") in the amount of $896,810 with the United States Department of Homeland Security, Federal Emergency Management Agency. Loan proceeds of $633,468 were utilized as an item of revenue in the Borough's 2013 current fund budget. In addition, Loan proceeds of $263,342 were utilized as an item of revenue in the Borough's 2014 current fund budget.

As of December 31, 2013, the Loan principal balance and related accrued interest were $633,468 and $2,447, respectively. The full principal amount of the Loan and all accumulated accrued interest is due on May 30, 2018, and the interest rate on the loan is 1.00% per annum. The term of the loan is five years, but may be extended. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the Borough in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

20. DEFERRED COMPENSATION

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

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

21. COMMITMENTS AND CONTINGENCIES

Grant Financial Assistance

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

Tax Appeals

There are certain tax appeal cases pending against the Borough before the New Jersey Tax Court, requesting a reduction of assessed valuation. The Borough intends to vigorously defend its assessments in each case. Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize liability, if any, until a case has been adjudicated.

21. COMMITMENTS AND CONTINGENCIES (continued)

Legal Proceedings

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

22. SUBSEQUENT EVENTS

On May 27, 2014 the Borough adopted an ordinance wherein it guarantees the payment of principal and interest on revenue bonds of the Monmouth County Improvement Authority in a principal amount not to exceed $900,000, relative to the Monmouth Beach First Aid/Fire Company Project.

On October 14, 2014 the Borough adopted an ordinance authorizing the issuance of bonds and notes of $534,375 for various 2014 capital improvements.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH - TREASURER
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	A		$5,081,156
Increased by Receipts:			
Miscellaneous Revenue not Anticipated	A-2	$353,715	
Due from State of New Jersey for Senior Citizens and Veterans Deductions		34,750	
Collector	A-5	15,564,227	
Revenue Accounts Receivable	A-8	2,849,072	
Grants Receivable	A-13	8,624	
Unappropriated Reserves	A-15	7,793	
Petty Cash Funds		200	
Special Emergency Notes		8,831,155	
Due to State of New Jersey - Marriage Licenses		550	
Due to Two Rivers Water Reclamation Authority		6,604	
			27,656,690
			32,737,846
Decreased by Disbursements:			
Appropriations	A-3	6,399,902	
Petty Cash Funds		800	
Appropriated Reserves	A-14	151,079	
Appropriation Reserves	A-9	71,710	
Encumbrances Payable	A-12	33,158	
Reserve for Revaluation		3,450	
Reserve for Hurricane Sandy		2,931,587	
County Taxes		3,794,426	
Regional High School Tax	A-11	3,760,259	
Local District School Tax	A-10	4,247,153	
Special Emergency Notes		3,900,000	
Refunds and Reimbursements		8,785	
Due to State of New Jersey - Marriage Licenses		625	
Reserve for Monmouth Beach Bathing Pavilion Concession		2,500	
			25,305,434
Balance, December 31, 2013	A		$7,432,412

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CURRENT FUND CASH - COLLECTOR
Year Ended December 31, 2013

	Ref.		
Increased by Receipts:			
Taxes Receivable	A-6	$15,217,438	
Prepaid Taxes		295,532	
Revenue Accounts Receivable-			
Interest and Costs on Taxes	A-8	51,257	
			$15,564,227
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		$15,564,227

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
Year Ended December 31, 2013

Year	Balance Dec. 31, 2012	2013 Levy	Collections by Cash 2012	Collections by Cash 2013	Senior Citizens and Veterans Deductions Allowed	Canceled and Adjustments	Over-payments Applied	Transferred to Tax Title Liens	Balance Dec. 31, 2013
2012	$220,509			$217,727		$2,782			
2013		$15,602,789	$150,753	14,999,711	$34,250	105,249	$20,326	$2,802	$289,698
	$220,509	$15,602,789	$150,753	$15,217,438	$34,250	$108,031	$20,326	$2,802	$289,698
Ref.	A			A-5				A-7	A

Analysis of 2013 Property Tax Levy

	Ref.		
Tax Yield:			
General Purpose Tax		$15,534,151	
Added Taxes (54:4-63.1 Et Seq.)		68,638	
			$15,602,789
Tax Levy:			
Regional High School Tax	A-11		$3,627,914
Local District School Tax	A-10		4,149,172
County Taxes:			
County Tax		3,372,841	
County Library Tax		216,344	
County Open Space Tax		187,225	
Amount Due County for Added Taxes		16,692	
Total County Taxes			3,793,102
Local Tax for Municipal Purposes	A-2	3,971,318	
Add: Additional Tax Levied		61,283	
Local Tax for Municipal Purposes Levied			4,032,601
			$15,602,789

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	A		$23,772
Increased by:			
Transfers from Taxes Receivable	A-6	$2,802	
Adjustments to Tax Title Liens		320	
			3,122
Balance, December 31, 2013	A		$26,894

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2013

	Ref.	Balance Dec. 31, 2012	Accrued in 2013	Collected	Balance Dec. 31, 2013
Alcoholic Beverage Licenses	A-2		$1,468	$1,468	
Municipal Court Fines and Costs	A-2	$2,287	57,687	56,047	$3,927
Interest and Costs on Taxes	A-2		51,257	51,257	
Bathing Pavilion	A-2		953,205	953,205	
Energy Receipts Tax	A-2		291,039	291,039	
FEMA Receivable	A-2		913,845	913,845	
Community Disaster Loan	A-2		633,468	633,468	
		$2,287	$2,901,969	$2,900,329	$3,927
	Ref.	A			A

	Ref.	
Collected By:		
Treasurer	A-4	$2,849,072
Tax Collector:		
Interest and Costs on Taxes	A-5	51,257
		$2,900,329

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Balance After Transfers	Paid	Balance Lapsed
Director:				
Other Expenses	$2,843	$2,843	$1,662	$1,181
Administrative and Executive:				
Salaries and Wages	961	961		961
Other Expenses	3,888	3,888	181	3,707
Borough Administrator:				
Salaries and Wages	548	548		548
Other Expenses	185	185		185
Municipal Clerk:				
Salaries and Wages	156	156		156
Other Expenses	8,788	8,788		8,788
Public Buildings and Grounds:				
Salaries and Wages	1,966	1,966		1,966
Other Expenses	2,899	2,899	2,899	
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	901	901		901
Other Expenses	5,079	2,979	1,583	1,396
Bathing Pavilion:				
Salaries and Wages	432	432		432
Other Expenses	1,419	1,419	1,419	
Bathing Pavilion Repairs:				
Salaries and Wages	1,320	1,320		1,320
Other Expenses	1,685	1,685	1,685	
Police:				
Salaries and Wages	11,482	11,482	3,877	7,605
Other Expenses	3,110	3,110	1,828	1,282
Maintenance of Police Computer:				
Other Expenses	450	450		450
Lease/Purchase Police Car	670	670		670
Municipal Prosecutor:				
Salaries and Wages	472	472		472
Other Expenses	250	250		250
Board of Health:				
Salaries and Wages	85	85		85
Other Expenses	219	219		219
Animal Control Services Expense	993	993	314	679

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Balance After Transfers	Paid	Balance Lapsed
Municipal Court:				
Salaries and Wages	$46	$46		$46
Other Expenses	21	21		21
Emergency Managing Services:				
Other Expenses	4,808	4,808	$4,808	
Recreation Commission:				
Salaries and Wages	256	256		256
Other Expenses	4,179	4,179	3,103	1,076
Environmental Commission:				
Salaries and Wages	156	156		156
Other Expenses	2,145	2,145		2,145
Housing Officer:				
Salaries and Wages	765	765		765
Other Expenses	500	500		500
Zoning Officer:				
Salaries and Wages	1,729	1,729		1,729
Other Expenses	500	500	119	381
Director's Office:				
Other Expenses	50	50		50
Fire:				
Other Expenses:				
Fire Hydrant Service	3,530	3,530		3,530
Miscellaneous Other Expenses	834	834		834
Turnout Gear & Additional Equipment	190	190		190
Municipal Services Act (P.L. 1989, Ch. 299):				
Other Expenses	1,408	1,408		1,408
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):				
Salaries and Wages	1,443	1,443		1,443
Road Repairs and Maintenance:				
Salaries and Wages	7,327	7,327		7,327
Other Expenses	9,005	9,005	6,612	2,393
Garbage and Trash Removal:				
Salaries and Wages	8,993	8,993		8,993
Other Expenses	4,332	4,332	4,332	
Sanitary Landfill:				
Other Expenses	40,203	40,203		40,203

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Balance After Transfers	Paid	Balance Lapsed
Vehicle Maintenance	$410	$2,510	$2,483	$27
Senior Citizens Transportation:				
Salaries and Wages	852	852		852
Other Expenses	250	250		250
Drainage:				
Salaries and Wages	300	300		300
Other Expenses	4,650	4,650	4,650	
Street Lighting:				
Other Expenses	7,190	7,190	2,064	5,126
Engineering Services and Costs:				
Other Expenses	4,404	4,404	4,404	
Financial Administration:				
Salaries and Wages	1,042	1,042		1,042
Other Expenses	929	929	630	299
Assessment of Taxes:				
Salaries and Wages	43	43		43
Other Expenses	1,807	1,807	300	1,507
Collection of Taxes:				
Salaries and Wages	144	144		144
Other Expenses	352	352		352
Legal Services and Costs:				
Miscellaneous Other Expenses	5,861	5,861	3,603	2,258
Insurance:				
General Liability	107	107		107
Workers Compensation	3,832	3,832		3,832
Employee Group Health	57,770	57,770		57,770
Computerized Data Processing	7,760	7,760	97	7,663
Celebration of Public Events	500	500		500
Utilities:				
Gasoline	9,300	9,300	3,448	5,852
Fuel Oil	1,296	1,296	1,296	
Electricity	8,280	8,280	460	7,820
Telephone and Telegraph	2,638	2,638	2,613	25
Natural Gas	8,851	8,851	357	8,494
Water	196	196		196
Sewer	4,077	4,077	3,900	177

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Balance After Transfers	Paid	Balance Lapsed
MCIA Administrative Expense	$1,200	$1,200		$1,200
Contingent	5,128	5,128	$5,128	
Contribution to Social Security System	4,429	4,429		4,429
Defined Contribution Retirement Program	1,500	1,500		1,500
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35)	18,973	18,973	1,855	17,118
Length of Service Awards Program	168	168		168
911 Service	43	43		43
Dispatcher Services	380	380		380
	$307,883	$307,883	$71,710	$236,173
Ref.	A		A-4	A-1

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012:			
School Tax Payable	A	$1,303,107	
School Tax Deferred		855,464	
			$2,158,571
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014	A-6		4,149,172
			6,307,743
Decreased by:			
Payments	A-4		4,247,153
Balance, December 31, 2013:			
School Tax Payable	A	1,205,126	
School Tax Deferred		855,464	
			$2,060,590
2013 Liability for Local District School Tax:			
Tax Paid	A-10		$4,247,153
School Tax Payable, December 31, 2013	A-10		1,205,126
			5,452,279
Less: School Tax Payable, December 31, 2012	A-10		1,303,107
Amount Charged to 2013 Operations	A-1		$4,149,172

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012:			
School Tax Payable	A	$1,318,642	
School Tax Deferred		628,583	
			$1,947,225
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014	A-6		3,627,914
			5,575,139
Decreased by:			
Payments	A-4		3,760,259
Balance, December 31, 2013:			
School Tax Payable	A	1,186,297	
School Tax Deferred		628,583	
			$1,814,880

2013 Liability for Regional High School Tax:

Tax Paid	A-11	$3,760,259
School Tax Payable, December 31, 2013	A-11	1,186,297
		4,946,556
Less: School Tax Payable, December 31, 2012	A-11	1,318,642
Amount Charged to 2013 Operations	A-1	$3,627,914

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	A		$113,904
Increased by:			
Transferred from 2013 Appropriations	A-3		11,472
			125,376
Decreased by:			
Encumbrances Cancelled	A-1	$679	
Cash Disbursed	A-4	33,158	
Reserve for Hurricane Sandy		80,067	
			113,904
Balance, December 31, 2013	A		$11,472

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2013

Grant	Ref.	Balance Dec. 31, 2012	2013 Appropriated Revenue	Unappropriated Reserves Realized	Cash Receipts	Balance Dec. 31, 2013
NJ Transportation Trust Fund Authority Act	A-2	$343,750	$200,000			$543,750
Drunk Driving Enforcement Fund	A-2		2,223	$2,223		
Clean Communities Program	A-2		15,970	7,346	$8,624	
Alcohol Education and Rehabilitation Fund	A-2		324	324		
Body Armor Replacement Fund	A-2		1,288	1,288		
		$343,750	$219,805	$11,181	$8,624	$543,750
Ref.		A		A-15	A-4	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2013

Grant	Balance Dec. 31, 2012	Transfer from 2013 Budget Appropriation	Expended	Balance Dec. 31, 2013
Alcohol Education and Rehabilitation Fund	$742	$324		$1,066
Drunk Driving Enforcement Fund	1,998	2,223	$2,341	1,880
Body Armor Replacement Fund	4,528	1,288	1,888	3,928
NJ Transportation Trust Fund Authority Act	406,563	200,000	143,350	463,213
Clean Communities Program	10,092	15,970	3,500	22,562
Stormwater Regulation	1,672			1,672
	$425,595	$219,805	$151,079	$494,321
Ref.	A	A-3	A-4	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2013

Grant	Balance Dec. 31, 2012	Received	Adjustments	Appropriated	Balance Dec. 31, 2013
Drunk Driving Enforcement Fund	$2,223			$2,223	
Body Armor Replacement Fund	1,287	$3,252	$1	1,288	$3,252
Clean Communities Program	7,346			7,346	
Alcohol Education and Rehabilitation Fund	324			324	
Recycling Tonnage Grant		4,541			4,541
	$11,180	$7,793	$1	$11,181	$7,793
Ref.	A	A-4		A-13	A

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH
Year Ended December 31, 2013

	Ref.	Unemployment	Animal Control	Other
Balance, December 31, 2012	B	$26,241	$1,763	$855,910
Increased by Receipts:				
Animal Control Fees	B-4		914	
State Dog License Fees			107	
Other Trust Fund Deposits	B-3			628,160
			1,021	628,160
Decreased by Disbursements:				
Unemployment Expenditures	B-5	15,026		
Other Trust Fund Expenditures	B-3			397,500
State Dog License Fees			46	
Expenditures Under R.S. 4:19-15.11	B-4		972	
		15,026	1,018	397,500
Balance, December 31, 2013	B	$11,215	$1,766	$1,086,570

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST FUND DEPOSITS
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Increases	Decreases	Balance Dec. 31, 2013
Reserves for:				
Developers Escrow	$39,086	$40,744	$17,433	$62,397
Premium Received at Tax Sale	106,100	89,700	63,200	132,600
Police Traffic	13,586	39,879	34,160	19,305
Recycling	93,609		4,779	88,830
Construction Code Official Fees	161,128	328,351	217,084	272,395
Recreation	54,878	24,779	43,103	36,554
Kid's Day	500			500
Dune Grass	2,108			2,108
Shade Tree	2,992	8,310	8,680	2,622
Payroll Deductions Payable	169		169	
Parking Adjudication	739	70		809
Accumulated Absences	82,471			82,471
Affordable Housing	283,550	87,949	8,642	362,857
Fire Penalty	450			450
Snow Removal	9,000			9,000
Law Enforcement	242	378		620
Bathing Locker Deposits		8,000	250	7,750
	$850,608	$628,160	$397,500	$1,081,268
Ref.	B	B-2	B-2	B

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
Year Ended December 31, 2013

	Ref.	
Balance, December 31, 2012	B	$1,763
Increased by:		
Animal Control Fees Collected	B-2	914
		2,677
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-2	972
Balance, December 31, 2013	B	$1,705

License Fees Collected:

Year	Amount
2012	$1,902
2011	1,718
	$3,620

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT FUND EXPENDITURES
Year Ended December 31, 2013

	Ref.	
Balance, December 31, 2012	B	$26,241
Decreased by:		
Unemployment Expenditures	B-2	15,026
Balance, December 31, 2013	B	$11,215

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF LENGTH OF SERVICE AWARD PROGRAM FUND INVESTMENTS
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	B		$78,748
Increased by:			
Borough Contributions	B-7	$16,094	
Change in Market Value	B-7	10,295	
			26,389
			105,137
Decreased by:			
Administrative Charges	B-7		475
Balance, December 31, 2013	B		$104,662

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM FUND
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	B		$78,748
Increased by:			
Borough Contributions	B-6	$16,094	
Change in Market Value	B-6	10,295	
			26,389
			105,137
Decreased by:			
Administrative Charges	B-6		475
Balance, December 31, 2013	B		$104,662

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH
Year Ended December 31, 2013

	Ref.		
Balance, December 31, 2012	C		$902,791
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-5	$122,000	
Deferred Charges to Future Taxation - Unfunded	C-9	448,000	
Reserve for Sand Replenishment		75,000	
Reserve for Improvements to Bathing Pavilion		385,000	
Reserve for Road Program		25,000	
Reserve for Upgrade of Police Radio Equipment		20,000	
Premium on Serial Bonds Issued:			
Fund Balance	C-1	21,226	
Deferred Charges to Future Taxation - Unfunded	C-9	637,000	
Bond Anticipation Notes	C-7	4,636,000	
General Serial Bonds	C-10	5,840,000	
			12,209,226
			13,112,017
Decreased by Disbursements:			
Reserve for Improvements to Bathing Pavilion		245,853	
Reserve for Computer System Upgrades		128	
Reserve for Sand Replenishment		495,143	
Reserve for Road Program		30,355	
Reserve for Improvements to Police Computers		2,337	
Reserve for Upgrade to Police Radio Equipment		14,045	
Bond Anticipation Notes	C-7	5,084,000	
Improvement Authorizations	C-6	459,503	
			6,331,364
Balance, December 31, 2013	C		$6,780,653

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2013

	Balance Dec. 31, 2013
Capital Improvement Fund	$77,128
Grants Receivable	(225,000)
Cash on Hand to Pay Bond Anticipation Notes	4,636,000
Reserve for Sand Replenishment	5,386
Reserve for Road Program	30,311
Reserve for Improvements to Bathing Pavilion	283,355
Reserve for Municipal Generator	646
Reserve for Dump Truck	20
Reserve for Telephone System for Police Department	357
Reserve for Preliminary Costs for Drainage Improvements at Drew Court	8,150
Reserve for Purchase of Bleachers for Park	7,000
Reserve for Purchase of Wood Chipper	8,309
Reserve for Improvements to Park Lights	350
Reserve for Purchase of Equipment for Bathing Pavilion Concession	236
Reserve for Purchase of Utility Vehicle	696
Reserve for Improvements to Library Building	14,735
Reserve for Upgrade of Police Radio Equipment	5,955
Reserve for Debt Service for Seawall	24
Fund Balance	48,642

Improvement Authorizations:

Ordinance Date	Improvement Description	
3/31/03	Various Capital Improvements	511
6/13/06	Purchase of Breath Alcohol System	90
8/2/07	Sidewalk Improvement Program	19,882
6/24/08	Various Capital Improvements	(250)
8/3/10	Purchase of Recording Equipment for the Police Department and Municipal Court	842
11/8/12	2012 Sand Replenishment Project	53,425
9/3/13	Various Capital Improvements	1,911,853
11/12/13	Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building	(108,000)
		$6,780,653
	Ref.	C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF LEASE OBLIGATION PAYABLE
Year Ended December 31, 2013

Description	Balance Dec. 31, 2012	Decreased by Budget Appropriation	Balance Dec. 31, 2013
Fire Truck	$40,600	$40,600	$0
Ref.	C		C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2013

	Ref.	
Balance, December 31, 2012	C	$66,128
Increased by:		
2013 Budget Appropriation	C-2	122,000
		188,128
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	111,000
Balance, December 31, 2013	C	$77,128

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2013

Improvement Authorizations	Ordinance Amount	Balance Dec. 31, 2012 Funded	Balance Dec. 31, 2012 Unfunded	2013 Authorizations	Paid	Balance Dec. 31, 2013 Funded	Balance Dec. 31, 2013 Unfunded
Various Capital Improvements	$38,000	$511				$511	
Purchase of Breath Alcohol System	14,000	90				90	
Sidewalk Improvement Program	20,000	20,000			$118	19,882	
Various Capital Improvements	1,750,000		$45,243		45,243		
Purchase of Recording Equipment for the Police Department and Municipal Court	17,000	842				842	
Various Capital Improvements	750,000		39,205		39,205		
Various Capital Improvements	98,000	1,790			1,790		
2012 Sand Replenishment Project	475,000		53,425			53,425	
Various Capital Improvements	2,160,000			$2,160,000	248,147	1,911,853	
Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building	350,000			350,000	125,000		$225,000
		$23,233	$137,873	$2,510,000	$459,503	$1,986,603	$225,000
	Ref.	C	C		C-2	C	C

	Ref.	
Capital Improvement Fund	C-5	$111,000
Grants Receivable	C-11	225,000
Deferred Charges to Future Taxation - Unfunded	C-9	2,174,000
		$2,510,000

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2013

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
58-07	Various Capital Improvements	10/26/06	10/3/12	10/3/13	1.50%	$473,200		$473,200	
80-08	Various Capital Improvements	10/23/08	10/3/12	10/3/13	1.50%	775,515		775,515	
80-08	Various Capital Improvements	10/21/09	10/3/12	10/3/13	1.50%	443,285		443,285	
118-09	Various Capital Improvements	4/28/10	10/3/12	10/3/13	1.50%	1,515,000		1,515,000	
100-10	Various Capital Improvements	10/21/10	10/3/12	10/3/13	1.50%	712,000		712,000	
80-11	Sand Replenishment Project	10/3/11	10/3/12	10/3/13	1.50%	714,000		714,000	
113-12	2012 Sand Replenishment Project	10/26/06	12/27/12	10/3/13	2.50%	451,000		451,000	
58-07	Various Capital Improvements	10/26/06	10/2/13	1/7/14	0.90%		$423,200		$423,200
80-08	Various Capital Improvements	10/23/08	10/2/13	1/7/14	0.90%		744,515		744,515
80-08	Various Capital Improvements	10/21/09	10/2/13	1/7/14	0.90%		424,285		424,285
118-09	Various Capital Improvements	4/28/10	10/2/13	1/7/14	0.90%		1,215,000		1,215,000
100-10	Various Capital Improvements	10/21/10	10/2/13	1/7/14	0.90%		664,000		664,000
80-11	Sand Replenishment Project	10/3/11	10/2/13	1/7/14	0.90%		714,000		714,000
113-12	2012 Sand Replenishment Project	10/26/06	10/2/13	1/7/14	0.90%		451,000		451,000
						$5,084,000	$4,636,000	$5,084,000	$4,636,000
					Ref.	C	C-2	C-2	C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
Year Ended December 31, 2013

	Ref.	
Balance, December 31, 2012	C	$0
Increased by:		
Improvement Costs Funded by:		
Serial Bonds Issued	C-9	5,840,000
Balance, December 31, 2013	C	$5,840,000

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Transferred to Deferred Charges to Future Taxation - Funded	Funded by Premium on Sale of Bonds	Budget Appropriations	Balance Dec. 31, 2013	Analysis of Balance December 31, 2013	
								Expenditures	Unexpended Improvement Authorizations
58-07	Various Capital Improvements	$473,200		$423,200		$50,000			
80-08	Various Capital Improvements	1,219,050		1,168,800		50,000	$250	$250	
118-09	Various Capital Improvements	1,515,000		1,215,000		300,000			
100-10	Various Capital Improvements	712,000		664,000		48,000			
80-11	Sand Replenishment Project	714,000		714,000					
113-12	2012 Sand Replenishment Project	451,000		451,000					
131-13	Various Capital Improvements		$1,841,000	1,204,000	$637,000				
145-13	Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building		333,000				333,000	108,000	$225,000
		$5,084,250	$2,174,000	$5,840,000	$637,000	$448,000	$333,250	$108,250	$225,000
	Ref.	C	C-6	C-8	C-2	C-2	C		

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
Year Ended December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
General Improvement	12/24/13	$5,840,000	12/01/14	$300,000	2.00%	$0	$5,840,000	$0	$5,840,000
			12/01/15	330,000	3.00%				
			12/01/16	340,000	4.00%				
			12/01/17	350,000	4.00%				
			12/01/18	365,000	4.00%				
			12/01/19	380,000	4.00%				
			12/01/20	395,000	5.00%				
			12/01/21	415,000	5.00%				
			12/01/22	435,000	5.00%				
			12/01/23	460,000	5.00%				
			12/01/24	480,000	5.00%				
			12/01/25	505,000	5.00%				
			12/01/26	530,000	5.00%				
			12/01/27	555,000	5.00%				
						$0	$5,840,000	$0	$5,840,000
					Ref.	C	C-2		C

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2013

	Ref.	
Balance, December 31, 2012	C	$0
Increased by:		
Grants Awarded	C-6	225,000
Balance, December 31, 2013	C	$225,000

Analysis:

Description	Ordinance Number	
N.J.D.O.T. Various Capital Improvements	131-13	$225,000

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
Year Ended December 31, 2013

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Balance Dec. 31, 2013
General Improvements				
80-08	Various Capital Improvements	$250		$250
145-13	Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building		$333,000	333,000
		$250	$333,000	$333,250
	Ref.	(Footnote C)		(Footnote C)

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS
Year Ended December 31, 2013

	Balance Dec. 31, 2012	Additions	Dispositions	Balance Dec. 31, 2013
General Fixed Assets:				
Land, Buildings and Improvements	$3,849,934			$3,849,934
Equipment	3,370,086			3,370,086
	$7,220,020	$0	$0	$7,220,020
Ref.	D			D

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART III

COMMENTS

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2013

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

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

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

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

2013 Capital Improvement Program
One (1) New and Unused 2014 Model 4x2 Six (6) Yard Dump Truck
One (1) New and Heavy Duty Model SSM4 Cross Memberless Dump Body
304 2B Finished Stainless Steel Construction
One (1) New and Unused Under Tailgate Spreader 304 Stainless Steel
One (1) New and Unused Gledhill Straight Moldboard 11HSPRTZCPLL
"Built in Baffle" Snow Plow or Equivalent
Plow Hitch: Gledhill or Approved Equal
Concession/Snack Bar Services for the 2013 Summer Season at the Bathing Pavilion
Monmouth Beach Bathing Pavilion Repair and Reconstruction of Deck and Snack Bar Area
2013 Beach Access Stair Replacement

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

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.A 40A:54:4-67 provides the method for authorizing interest and the maximum rates to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 10, 1995 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes or assessments:

WHEREAS, N.J.S.A. 54:5-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS, N.J.S.A. 54:40-67 has been amended to permit the fixing of said rate of 8% per annum of the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00 and allows an additional penalty of 6% be collected against a delinquency in excess of $10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED that the Governing Body of the Borough of Monmouth Beach, County of Monmouth and State of New Jersey, that it does hereby fix the maximum allowed under N.J.S.A. 54:4-67 to be charged against all properties who become delinquent as defined under N.J.S.A. 54:4-67 and such charges on account of delinquent properties as set forth herein remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth new or different rates; and

BE IT FURTHER RESOLVED that effective January 1, 1995, there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order, said grace period as set forth herein to remain in effect from year to year until such time as the Governing Body adopts a new resolution setting forth a new or different grace period.

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

Tax Title Liens

The last tax sale was held on December 17, 2013 and was complete.

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

2013	4
2012	4
2011	4

SUMMARY OF MUNICIPAL DEBT

Issued	2013	2012	2011
General Bonds and Notes	$10,476,000	$5,084,000	$4,733,000
Less:			
Funds on Hand to Pay Bonds and Notes	4,636,000	-	-
Net Debt Issued	5,840,000	5,084,000	4,733,000
Authorized but not Issued			
General Bonds and Notes	333,250	250	250
Net Bonds and Notes Issued and Authorized but not Issued	$6,173,250	$5,084,250	$4,733,250

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.475%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School	$2,275,000	$2,275,000	
Regional School	3,473,064	3,473,064	
General Debt	10,964,948	4,791,698	$6,173,250
	$16,713,012	$10,539,762	$6,173,250

Net Debt $6,173,250 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, $1,300,533,906 equals 0.475%.

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

3½% of Equalized Valuation Basis	$45,518,687
Net Debt	6,173,250
Remaining Borrowing Power	$39,345,437

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	2013	2012	2011
Municipal	$.328	$.328	$.323
Local School	.343	.343	.337
Regional School	.300	.309	.322
County	.312	.307	.305
Total Tax Rate	$1.283	$1.287	$1.287

ASSESSED VALUATIONS

2013	$1,210,767,732
2012	1,260,536,256
2011	1,262,410,459

COMPARISON OF TAXES LEVIES AND COLLECTION CURRENTLY

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

		Currently	
Year	Tax Levy	Cash Collections	Percentage of Collections
2013	$15,602,789	$15,205,040	97.45%
2012	16,298,628	16,010,916	98.23%
2011	16,326,535	16,039,727	98.24%

DELINQUENT TAXES AND TAX TITLE LIENS

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

	2013	2012	2011
Tax Title Liens	$26,894	$23,772	$20,961
Delinquent Taxes	289,698	220,509	239,765
Total Delinquent	$316,592	$244,281	$260,726
% of Tax Levy	2.03%	1.50%	1.60%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2013	$60,750
2012	60,750
2011	60,750

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

Year	Current Fund Balance	Utilized in Succeeding Budget
2013	$1,245,436	$1,000,000
2012	1,668,645	1,450,000
2011	1,408,208	1,180,500

OFFICIALS IN OFFICE AND SURETY BONDS

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

Name	Title	Amount of Bond*
Susan Howard	Mayor	
James F. Cunniff	Commissioner	
William J. McBride, Jr.	Commissioner	
Joyce Escalante	Borough Clerk and Registrar of Vital Statistics	
John D. Antonides	Borough Tax Collector and Chief Financial Officer	
Elizabeth A. Heath	Payroll and Payables Clerk	
Antonetta Heinzinger	Assistant to Borough Tax Collector and Assistant to Chief Financial Officer	
Michael S. Shuhala	Judge of Municipal Court	
Gerald Chismar	Borough Administrator	

*Borough employees are covered by a faithful performance and employee dishonesty bond in the amount of $50,000 by the Monmouth Municipal Joint Insurance Fund. In addition, Borough employees are covered by a public employee dishonesty and faithful performance bond in the amount of $950,000 by the Municipal Excess Liability Insurance Fund.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART IV

SINGLE AUDIT SECTION

YEAR ENDED DECEMBER 31, 2013

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY FEDERAL OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the Borough Commission
Borough of Monmouth Beach
County of Monmouth
Monmouth Beach, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Monmouth Beach, County of Monmouth, State of New Jersey (the "Borough") compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the Borough's major federal programs for the year ended December 31, 2013. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2013.

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Report on Internal Control Over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Oliwa & Company

Freehold, New Jersey
November 14, 2014

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Grant Award Amount	(Memo Only) Cash Received	Federal Expenditures	(Memo Only) Cumulative Expenditures
United States Department of Homeland Security							
Passed-Through State of New Jersey Department of Law and Public Safety, Division of State Police							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	066-1200-100-A92-13	2013 to completion	$2,511,689	$965,831	$2,511,689	$2,511,689
Direct Program							
Community Disaster Loan	97.030	-	1/1/13-12/31/13	633,468	633,468	633,468	633,468
Total United States Department of Homeland Security					1,599,299	3,145,157	3,145,157
Total Federal Awards					$1,599,299	$3,145,157	$3,145,157

The accompanying notes are an integral part of this schedule.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the federal grant activity of the Borough of Monmouth Beach (the "Borough"). The Borough is defined in Note 1(A) to the Borough's financial statements. The information in the Schedule is presented in accordance with the requirements of Federal OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and other information requested by the State of New Jersey, as a pass-through grantor. Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Borough.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters), expenditures on the Schedule are recorded on the basis of accounting as described in Note 1 to the Borough's regulatory basis financial statements. Expenditures for Disaster Grants – Public Assistance (Presidentially Declared Disasters) are recorded on the Schedule based upon Project Worksheets approved by the United States Department of Homeland Security, Federal Emergency Management Agency in 2013.

NOTE 3: CONTINGENCY

Grants received by the Borough are subject to audit and adjustment by the grantor agency. As a result, costs previously reimbursed could be disallowed and require repayment to the grantor agency.

NOTE 4: OUTSTANDING LOAN

On May 14, 2013 the Borough approved a resolution authorizing the execution of a promissory note for a Community Disaster Loan (the "Loan") in the amount of $896,810 with the United States Department of Homeland Security, Federal Emergency Management Agency. Loan proceeds of $633,468 were utilized as an item of revenue in the Borough's 2013 current fund budget. As of December 31, 2013, the Loan principal balance and related accrued interest were $633,468 and $2,447, respectively. The full principal amount of the Loan and all accumulated accrued interest is due on May 30, 2018, and the interest rate on the loan is 1.00% per annum. The term of the loan is five years, but may be extended. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the Borough in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

A) Type of auditor's report issued:

Generally Accepted Accounting Principles	Adverse
Regulatory Basis:	Unmodified - Current Fund, General Capital Fund
	Modified - Trust Fund, General Fixed Assets Account Group

B) Internal control over financial reporting :

1. Material weakness(es) identified?	X	Yes		No
2. Were significant deficiencies identified that were not considered to be material weaknesses?		Yes	None Reported	

C) Noncompliance material to the financial statements noted? ____ Yes X No

Federal Awards Section

D) Dollar threshold used to determine Type A and B programs $300,000.00

E) Auditee qualified as low-risk auditee? ____ Yes X No

F) Type of auditor's report on compliance for major programs Unmodified

G) Internal control over compliance:

1. Material weakness(es) identified?		Yes	X	No
2. Were significant deficiencies identified that were not considered to be material weaknesses?		Yes	None Reported	

H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? ____ Yes X No

I) Identification of major programs:

CFDA Number(s)	Name of Federal Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disaster)
97.030	Community Disaster Loan

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2013-001

Material weakness related to the maintenance of complete and accurate general ledgers on a timely basis.

Criteria

Internal control over financial reporting allows for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Condition

The Borough did not maintain complete and accurate general ledgers for all funds in 2013 on a timely basis.

Cause

Internal control procedures were not in place for preventing or detecting and correcting misstatements on a timely basis to account balances in the general ledger.

Effect

General ledgers that are not completely and accurately maintained present a reasonable possibility that a material misstatement in financial statement balances will not be prevented, or detected and corrected on a timely basis by management or employees.

Recommendation

It is recommended that the Borough develop and implement internal control procedures to ensure the maintenance of complete and accurate general ledgers for all funds on a timely basis.

View of Responsible Officials and Planned Corrective Action

Borough officials agree with the finding and will develop and implement internal control procedures to ensure the maintenance of complete and accurate general ledgers for all funds on a timely basis.

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Finding 2013-002 Material weakness related to the maintenance of a fixed assets ledger.

Criteria

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

Condition

Additions and dispositions to the fixed assets accounting and reporting system were not currently maintained in 2013.

Cause

Failure to maintain a fixed asset ledger.

Effect

The Borough's general fixed assets as of December 31, 2013 have not been adjusted for additions and dispositions occurring in 2013.

Recommendation

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

View of Responsible Officials and Planned Corrective Action

Borough officials agree with the finding and will develop a fixed assets accounting and reporting system in accordance with N.J.A.C. 5:30-5.6.

SECTION III – FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were identified.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

Not Applicable

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

PART V

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

BOROUGH OF MONMOUTH BEACH
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

Finding 2013-001

We consider the following deficiency in internal control over financial reporting to be a material weakness relative to the maintenance of complete and accurate general ledgers on a timely basis.

Criteria

Internal control over financial reporting allows for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Condition

The Borough did not maintain complete and accurate general ledgers for all funds during 2013 on timely basis.

Cause

Internal control procedures were not in place for preventing or detecting and correcting misstatements on a timely basis to account balances in the general ledger.

Effect

General ledgers that are not completely and accurately maintained present a reasonable possibility that a material misstatement in financial statement balances will not be prevented, or detected and corrected on a timely basis by management or employees.

Recommendation

It is recommended that the Borough develop and implement internal control procedures to ensure the maintenance of complete and accurate general ledgers for all funds on a timely basis.

Borough Response

Borough officials agree with the finding and will develop and implement internal control procedures to ensure the maintenance of complete and accurate general ledgers for all funds on a timely basis.

COMMENTS AND RECOMMENDATIONS
(Continued)

YEAR ENDED DECEMBER 31, 2013

Finding 2013-002

We consider the following deficiency in internal control over financial reporting to be a material weakness relative to the maintenance of a fixed assets ledger.

Criteria

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

Condition

Additions and dispositions to the fixed assets accounting and reporting system were not currently maintained in 2013.

Effect

The Borough's general fixed assets as of December 31, 2013 have not been adjusted for additions and dispositions occurring in 2013.

Recommendation

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

Borough Response

The Borough will develop a fixed assets accounting and reporting system in accordance with N.J.A.C. 5:30-5.6.

*A similar recommendation appeared in the 2012 audit report.