

**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, 2014**

**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, 2014**

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**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
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**PART I**

**INDEPENDENT AUDITOR'S REPORTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

# *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, 2014 and 2013, 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, 2014, 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.

### **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, 2014 and 2013, 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 2014 and 2013 to the General Fixed Assets Account Group - Regulatory Basis as of December 31, 2014 and 2013. It was not practicable to determine capital asset additions and dispositions occurring in 2014 and 2013 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, 2014 and 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.

### **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 10.05% and 8.69% of the assets and liabilities, reserves and net assets of the Borough’s Trust Fund as of December 31, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and 2013, 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, 2014 and the statement of expenditures - regulatory basis for the year ended December 31, 2014 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 as 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 supplementary schedules and comments 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. Except for the LOSAP Fund supplementary schedules, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the possible effects of such adjustments, if any, had the LOSAP Fund supplementary schedules been audited, the supplementary schedules and comments are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2015 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 27, 2015

# *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, 2014, 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 27, 2015, 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 comments and recommendations to be material weaknesses (2014-001 and 2014-002).

## **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 other internal control and compliance matters that we have reported to the management of the Borough in the accompanying comments and recommendations.

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

The Borough's response to the findings identified in our audit is described in the accompanying comments and recommendations and the summary schedule of prior audit findings. We did not audit the Borough's response 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 27, 2015

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2014 and 2013**

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>Cash and Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$5,589,360	\$7,432,412
Cash - Change Funds		500	500
Cash - Petty Cash Funds			600
		<u>5,589,860</u>	<u>7,433,512</u>
 <b>Receivables and Other Assets with Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	204,261	289,698
Tax Title Liens Receivable	A-7	29,733	26,894
Property Acquired for Taxes - Assessed Valuation		60,750	60,750
Revenue Accounts Receivable	A-8	4,041	3,927
Due from Federal and State Grant Fund			41,636
Due from Animal Control Fund		927	
	A	<u>299,712</u>	<u>422,905</u>
 <b>Deferred Charges:</b>			
Special Emergency Authorizations (40A:4-54)		2,219,661	2,986,155
		<u>8,109,233</u>	<u>10,842,572</u>
 <b>Federal and State Grant Fund:</b>			
Due from Current Fund		19,278	
Grants Receivable	A-13	507,801	543,750
		<u>527,079</u>	<u>543,750</u>
		<u>\$8,636,312</u>	<u>\$11,386,322</u>

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2014 and 2013**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Appropriation Reserves	A-3:A-9	\$185,607	\$341,042
Encumbrances Payable	A-12	19,835	11,472
Local School District Tax Payable	A-10	1,248,032	1,205,126
Prepaid Taxes		215,157	295,532
Due State - Marriage Licenses		200	125
Due to State of New Jersey (P.L. 1971, Ch. 20)		250	1,500
Regional High School Tax Payable	A-11	1,129,747	1,186,297
Reserve for P.E.O.S.H.A.		2,897	2,897
Due County for Added and Omitted Taxes		19,561	16,692
Special Emergency Note Payable		1,565,484	5,931,155
Reserve for Tax Appeals		130,689	80,689
Reserve for Revaluation		2,172	2,172
Reserve for Monmouth Beach Bathing Pavilion Bathhouse/Locker		12,860	12,860
Reserve for Hurricane Sandy Appropriated		80,067	80,067
Reserve for Hurricane Sandy Proceeds		423,235	
Due to Two Rivers Municipal Utilities Authority		10,984	6,605
Due to Federal and State Grant Fund		19,278	
Due to Other Trust Fund		516,603	
Due to General Capital Fund		742,801	
		<u>6,325,459</u>	<u>9,174,231</u>
Reserves for Receivables and Other Assets	A	299,712	422,905
Fund Balance	A-1	<u>1,484,062</u>	<u>1,245,436</u>
		<u>8,109,233</u>	<u>10,842,572</u>
 Federal and State Grant Fund:			
Due to Current Fund			41,636
Appropriated Reserves	A-14	515,434	494,321
Unappropriated Reserves	A-15	11,645	7,793
		<u>527,079</u>	<u>543,750</u>
		<u>\$8,636,312</u>	<u>\$11,386,322</u>

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, 2014 and 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Anticipated	A-2	\$1,000,000	\$1,450,000
Miscellaneous Revenue Anticipated	A-2	2,931,063	3,120,134
Receipts from Delinquent Taxes	A-2	289,698	217,727
Receipts from Current Taxes	A-2	15,504,374	15,205,040
Non-Budget Revenues	A-2	168,822	353,715
Unexpended Balance of Appropriation Reserves	A-9	231,349	236,173
Other Credits to Income:			
Encumbrances Canceled	A-12	6,802	679
Interfunds Returned		41,636	
Total Revenue		<u>20,173,744</u>	<u>20,583,468</u>
<b><u>Expenditures</u></b>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	2,381,350	2,364,150
Other Expenses	A-3	2,495,497	5,335,553
Statutory Expenditures	A-3	511,429	519,500
Budget Appropriations Excluded from "CAPS"	A-3	2,033,674	2,616,863
County Taxes		3,900,537	3,793,102
Local District School Tax	A-10	4,235,006	4,149,172
Regional High School Tax	A-11	3,514,880	3,627,914
Refunds and Reimbursements		16,818	8,785
Interfunds Advanced		927	41,636
Miscellaneous			2
Total Expenditures		<u>19,090,118</u>	<u>22,456,677</u>

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, 2014 and 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Excess/(Deficit) in Revenue		\$1,083,626	(\$1,873,209)
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years		<u>155,000</u>	<u>2,900,000</u>
Statutory Excess to Fund Balance		1,238,626	1,026,791
Fund Balance January 1	A	<u>1,245,436</u>	<u>1,668,645</u>
		2,484,062	2,695,436
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	<u>1,000,000</u>	<u>1,450,000</u>
Fund Balance December 31	A	<u><u>\$1,484,062</u></u>	<u><u>\$1,245,436</u></u>

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, 2014**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess/ (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	<u>\$1,000,000</u>	<u>-</u>	<u>\$1,000,000</u>	<u>-</u>
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-8	1,000		1,469	\$469
Municipal Court Fines and Costs	A-8	56,000		65,499	9,499
Interest and Costs on Taxes	A-8	51,000		62,872	11,872
Bathing Pavilion	A-8	900,000		1,020,105	120,105
Energy Receipts Tax	A-8	291,039		291,039	
NJ Transportation Trust Fund Authority Act	A-13	175,000		175,000	
Recycling Tonnage	A-13	4,541		4,541	
Body Armor Replacement Fund	A-13	3,252		3,252	
Capital Fund Balance	A-8	48,642		48,642	
FEMA Receivable	A-8	780,000		780,000	
Community Disaster Loan	A-8	263,342		263,342	
Other Trust Fund Balance	A-8	5,302		5,302	
Insurance Recovery Proceeds Receivable	A-8	210,000		210,000	
	A-1	<u>2,789,118</u>	<u>-</u>	<u>2,931,063</u>	<u>141,945</u>
Receipts from Delinquent Taxes	A-1:A-2	<u>265,000</u>	<u>-</u>	<u>289,698</u>	<u>24,698</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-6	<u>4,006,012</u>	<u>-</u>	<u>4,636,968</u>	<u>630,956</u>
Budget Totals		8,060,130		8,857,729	<u>\$797,599</u>
Non-Budget Revenues	A-2		-	168,822	
		<u>\$8,060,130</u>	<u>-</u>	<u>\$9,026,551</u>	
	<u>Ref.</u>	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, 2014**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$15,504,374
Allocated to School and County Taxes		<u>11,650,423</u>
Balance for Support of Municipal Budget Appropriations		3,853,951
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>783,017</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$4,636,968</u>
<b><u>Receipts from Delinquent Taxes</u></b>		
Delinquent Tax Collections	A-2:A-6	<u>\$289,698</u>

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, 2014**

**Analysis of Non-Budget Revenues**

Sewerage Authority Contribution	\$31,212
Verizon Franchise Fees	27,924
Refund of Prior Year Disbursements	22,658
Planning Board	20,740
Land Disturbance Permits	12,900
Zoning Permits	11,700
Code Enforcement	11,440
Fire Prevention Fees	7,051
Interest on Investments	6,310
Scrap Metal Recycling	6,087
Street Opening Permits	4,700
Other Refunds and Reimbursements	2,064
Bid Pack Deposits	850
Police Reports and Fees	731
State Administrative Fee SC/V	620
NJ DMV Fines	525
Boat Launch Fees	515
Raffle Licenses	380
Recreation Fees	230
Municipal Court - Miscellaneous	76
Marriage License Fees	69
Bad Check Fees	40
	<u>\$168,822</u>

**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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
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	10,400		
Administrative and Executive:					
Salaries and Wages	113,000	113,000	106,714	\$6,286	
Other Expenses	16,200	16,200	8,845	7,355	
Borough Administrator:					
Salaries and Wages	60,000	60,000	51,356	8,644	
Other Expenses	1,000	1,000	296	704	
Municipal Clerk:					
Salaries and Wages	34,000	34,000	33,516	484	
Other Expenses	22,000	22,000	17,000	5,000	
Public Buildings, Parks and Grounds:					
Salaries and Wages	56,000	56,000	50,289	5,711	
Other Expenses	45,000	48,000	47,989	11	

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
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	\$5,747	\$753	
Other Expenses	22,000	27,200	27,174	26	
Bathing Pavilion:					
Salaries and Wages	221,000	221,000	221,000		
Other Expenses	78,000	78,000	76,042	1,958	
Bathing Pavilion Repairs:					
Salaries and Wages	7,500	7,500	7,500		
Other Expenses	20,000	20,000	20,000		
Police:					
Salaries and Wages	1,200,000	1,200,000	1,192,322	7,678	
Other Expenses	36,000	36,000	34,933	1,067	
Maintenance of Police Computer:					
Other Expenses	6,000	6,000	2,820	3,180	
Municipal Prosecutor:					
Salaries and Wages	11,500	11,500	11,474	26	
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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Board of Health:					
Salaries and Wages	\$17,000	\$17,000	\$16,436	\$564	
Other Expenses	40,000	43,000	43,000		
Animal Control Services Expense	10,000	10,000	10,000		
Municipal Court:					
Salaries and Wages	7,500	7,500	6,000	1,500	
Other Expenses	4,000	1,000	160	840	
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	1,000	3,000	
Other Expenses	13,000	13,000	11,810	1,190	
Recreation Commission:					
Salaries and Wages	3,500	3,500	1,564	1,936	
Other Expenses	11,500	11,500	11,500		
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	1,379	121	
Other Expenses	2,700	2,700	887	1,813	

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC AFFAIRS AND PUBLIC SAFETY (continued)					
Housing Officer:					
Salaries and Wages	\$9,500	\$9,500	\$9,500		
Other Expenses	500	500		\$500	
Zoning Officer:					
Salaries and Wages	24,000	24,200	24,173	27	
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	40,810	1,190	
Miscellaneous Other Expenses	45,000	45,000	45,000		
Municipal Services Act (P.L. 1989, Ch. 299)					
Other Expenses	5,000	5,000	5,000		
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):					
Salaries and Wages	7,000	7,000	7,000		
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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEPARTMENT OF PUBLIC WORKS, PARKS AND PUBLIC PROPERTY (continued)					
Road Repairs and Maintenance:					
Salaries and Wages	\$372,000	\$372,000	\$344,872	\$27,128	
Other Expenses:	40,000	45,000	45,000		
Garbage and Trash Removal:					
Salaries and Wages	100,000	100,000	98,744	1,256	
Other Expenses	4,500	4,500	4,500		
Sanitary Landfill:					
Other Expenses	210,000	202,600	167,829	34,771	
Repair to Public Access Beach Stairways					
Other Expenses	5,000	5,000	5,000		
Vehicle Maintenance	90,000	93,000	91,900	1,100	
Senior Citizen's Transportation:					
Salaries and Wages	5,500	5,500	5,335	165	
Other Expenses	250	250	57	193	
Drainage:					
Salaries and Wages	300	300		300	
Other Expenses	10,800	7,800	6,464	1,336	
Street Lighting:					
Other Expenses	55,000	55,000	49,214	5,786	
Engineering Services and Costs:					
Other Expenses	105,000	105,000	104,977	23	

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
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	64,509	\$1,591	
Other Expenses	1,125	1,125	1,090	35	
Auditing Fees	35,000	35,000	29,270	5,730	
Assessment of Taxes:					
Salaries and Wages	30,000	30,000	29,218	782	
Other Expenses	7,500	7,500	7,111	389	
Revaluation (Emergency \$155,000)		155,000	155,000		
Collection of Taxes:					
Salaries and Wages	16,250	16,250	16,250		
Other Expenses	3,500	3,500	2,445	1,055	
Legal Services and Costs:					
Other Expenses:					
Miscellaneous	70,000	70,000	65,264	4,736	
Insurance:					
General Liability	88,000	88,000	82,419	5,581	
Workers Compensation	112,000	112,000	112,000		
Employee Group Health	776,322	776,322	776,322		
Accumulated Leave Compensation	15,500	15,500	15,500		
Computerized Data Processing	20,000	18,000	17,545	455	
Celebration of Public Event - Community Day	15,000				

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNCLASSIFIED					
Utilities:					
Gasoline	\$50,000	\$50,000	\$48,002	\$1,998	
Fuel Oil	32,000	32,000	31,829	171	
Electricity	40,000	40,000	34,832	5,168	
Telephone and Telegraph	30,000	31,000	31,000		
Natural Gas	20,000	23,000	23,000		
Water	17,000	19,000	16,354	2,646	
Sewer	7,500	7,500	4,484	3,016	
Monmouth County Improvement Authority Administrative Expense	1,500	1,500	300	1,200	
Total Operations - Within "CAPS"	<u>4,707,847</u>	<u>4,857,847</u>	<u>4,689,418</u>	<u>168,429</u>	
Contingent	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>		
Total Operations Including Contingent Within "CAPS"	<u>4,726,847</u>	<u>4,876,847</u>	<u>4,708,418</u>	<u>168,429</u>	
Detail:					
Salaries and Wages	2,381,150	2,381,350	2,313,397	67,953	
Other Expenses (including Contingent)	<u>2,345,697</u>	<u>2,495,497</u>	<u>2,395,021</u>	<u>100,476</u>	

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, 2014**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b>STATUTORY EXPENDITURES</b>					
Contribution To:					
Public Employees' Retirement System of NJ	\$103,445	\$103,445	\$103,445		
Social Security System (O.A.S.I.)	190,000	190,000	188,646	\$1,354	
Police and Firemen's Retirement System of NJ	206,484	206,484	206,484		
NJ Unemployment Trust Fund	10,000	10,000	3,442	6,558	
Defined Contribution Retirement Program	1,500	1,500		1,500	
<b>Total Statutory Expenditures</b>	<b>511,429</b>	<b>511,429</b>	<b>502,017</b>	<b>9,412</b>	
<b>Total General Appropriations for Municipal Purposes - Within "CAPS"</b>	<b>5,238,276</b>	<b>5,388,276</b>	<b>5,210,435</b>	<b>177,841</b>	
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>					
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35):	20,000	20,000	18,725	1,275	
Tax Appeal Reserve	50,000	50,000	50,000		
Length of Service Awards Program	17,500	17,500	17,332	168	
State Recycling Tax	8,500	8,500	2,177	6,323	
<b>Total Other Operations - Excluded from "CAPS"</b>	<b>96,000</b>	<b>96,000</b>	<b>88,234</b>	<b>7,766</b>	
<b>Shared Services Agreements - County of Monmouth:</b>					
911	4,800	4,800	4,800		
Dispatcher Services	31,000	31,000	31,000		
Municipal Court - Borough of Tinton Falls					
Other Expenses	45,000	50,000	50,000		
<b>Total Interlocal Municipal Service Agreements</b>	<b>80,800</b>	<b>85,800</b>	<b>85,800</b>		

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Public and Private Programs Offset by Revenues:					
Body Armor Replacement Fund	\$3,252	\$3,252	\$3,252		
Recycling Tonnage	4,541	4,541	4,541		
Total Public and Private Programs Offset by Revenues	<u>7,793</u>	<u>7,793</u>	<u>7,793</u>		
Total Operations - Excluded from "CAPS"	<u>184,593</u>	<u>189,593</u>	<u>181,827</u>	<u>\$7,766</u>	
Detail:					
Other Expenses	<u>184,593</u>	<u>189,593</u>	<u>181,827</u>	<u>7,766</u>	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000		
Sand Replenishment Program	75,000	75,000	75,000		
NJ Transportation Trust Fund Authority Act	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>		
Total Capital Improvements - Excluded from "CAPS"	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>		

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	\$300,000	\$300,000	\$300,000		
Interest on Bonds	250,000	250,000	245,308		\$4,692
Interest on Notes	82,500	82,500	77,030		5,470
Total Municipal Debt Service - Excluded from "CAPS"	<u>632,500</u>	<u>632,500</u>	<u>622,337</u>		<u>10,163</u>
Deferred Charges - Municipal - Excluded from "CAPS"					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-54)	921,494	921,494	921,494		
Unfunded General Capital Ordinance	250	250	250		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>921,744</u>	<u>921,744</u>	<u>921,744</u>		

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, 2014**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>\$2,038,837</u>	<u>\$2,043,837</u>	<u>\$2,025,908</u>	<u>\$7,766</u>	<u>\$10,163</u>
Subtotal General Appropriations	7,277,113	7,432,113	7,236,343	185,607	10,163
Reserve for Uncollected Taxes	<u>783,017</u>	<u>783,017</u>	<u>783,017</u>		
Total General Appropriations	<u><u>\$8,060,130</u></u>	<u><u>\$8,215,130</u></u>	<u><u>\$8,019,360</u></u>	<u><u>\$185,607</u></u>	<u><u>\$10,163</u></u>
	<u>Ref.</u>				
	A-2		A-1	A:A-1	
Budget	A-3	\$8,060,130			
Emergency Appropriation 40A:4-54		<u>155,000</u>			
		<u><u>\$8,215,130</u></u>			
	<u>Ref.</u>				
Reserve for Uncollected Taxes	A-2		\$783,017		
Reserve for Grants	A-14		182,793		
Encumbrances Payable	A-12		19,835		
Reserve for Tax Appeals			50,000		
Special Emergency Authorization 40A:4-54			921,494		
Cash Disbursements	A-4		<u>6,062,221</u>		
			<u><u>\$8,019,360</u></u>		

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2014 and 2013**

<u>Assets</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b>Unemployment Fund:</b>			
Cash and Cash Equivalents	B-2	<u>\$26,144</u>	<u>\$11,215</u>
<b>Animal Control Fund:</b>			
Cash and Cash Equivalents	B-2	<u>2,211</u>	<u>1,766</u>
<b>Other Trust Fund:</b>			
Cash and Cash Equivalents	B-2	600,374	1,086,570
Due from Current Fund		516,603	
Due from Unemployment Fund		<u>15,026</u>	
		<u>1,132,003</u>	<u>1,086,570</u>
<b>Length of Service Award Program Fund (LOSAP) - Unaudited:</b>			
Investments	B-6	<u>129,624</u>	<u>104,662</u>
		<u>\$1,289,982</u>	<u>\$1,204,213</u>

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2014 and 2013**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Unemployment Fund:</b>			
Reserve for Unemployment Expenditures	B-5	\$11,118	\$11,215
Due to Other Trust Fund		15,026	
		<u>26,144</u>	<u>11,215</u>
<b>Animal Control Fund:</b>			
Reserve for Animal Control Fund			
Expenditures	B-4	1,284	1,705
Due to Current Fund		927	
Due to State of New Jersey			61
		<u>2,211</u>	<u>1,766</u>
<b>Other Trust Fund:</b>			
Reserve for Other Trust Fund Deposits	B-3	1,132,003	1,081,268
Fund Balance	B-1		5,302
		<u>1,132,003</u>	<u>1,086,570</u>
<b>Length of Service Award Program Fund</b>			
<b>(LOSAP) - Unaudited:</b>			
Reserve for Length of Service Award			
Program Fund	B-7	129,624	104,662
		<u>\$1,289,982</u>	<u>\$1,204,213</u>

**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, 2014 and 2013**

	<b><u>Ref.</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Balance, January 1	B	\$5,302	\$5,302
Decreased by:			
Payment to Current Fund as Anticipated Revenue	B-2	<u>5,302</u>	<u>          </u>
Balance, December 31	B	<u><u>\$0</u></u>	<u><u>\$5,302</u></u>

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2014 and 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	C-2	\$75,762	\$6,780,653
Deferred Charges to Future Taxation:			
Funded	C-8	5,540,000	5,840,000
Unfunded	C-9	867,375	333,250
Due from Current Fund	C-4	742,801	
Grants Receivable	C-11	225,000	225,000
		<u>\$7,450,938</u>	<u>\$13,178,903</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Serial Bonds Payable	C-10	\$5,540,000	\$5,840,000
Bond Anticipation Notes	C-7	534,375	4,636,000
Improvement Authorizations:			
Funded	C-6	646,576	1,986,603
Unfunded	C-6	534,085	225,000
Reserve for Improvements to Bathing Pavilion		33	283,355
Reserve for Sand Replenishment		75,107	5,386
Reserve for Road Program			30,311
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	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	14,735
Reserve for Upgrade of Police Radio Equipment			5,955
Reserve for Debt Service for Seawall		24	24
Capital Improvement Fund	C-5	99,003	77,128
Fund Balance	C-1		48,642
		<u>\$7,450,938</u>	<u>\$13,178,903</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$333,000 and \$333,250, respectively. (Schedule C-12)

**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, 2014 and 2013**

	<b><u>Ref.</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Balance, January 1	C	\$48,642	\$27,416
Increased by:			
Premium on Sale of Bonds and Notes		<u>48,642</u>	<u>21,226</u> 48,642
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-2	<u>48,642</u>	<u>          </u>
Balance, December 31	C	<u><u>\$0</u></u>	<u><u>\$48,642</u></u>

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, 2014 and 2013**

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>			
General Fixed Assets:			
Land, Buildings and Improvements		\$3,849,934	\$3,849,934
Equipment		3,370,086	3,370,086
Total General Fixed Assets		<u>\$7,220,020</u>	<u>\$7,220,020</u>
<b><u>Reserves</u></b>			
Investment in General Fixed Assets	D-1	<u>\$7,220,020</u>	<u>\$7,220,020</u>

See Accompanying Notes

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

**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 2014.

**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:

	<u>Balance December 31,</u>	
	<u>2014</u>	<u>2013</u>
Prepaid Taxes	\$215,157	\$295,532

**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, 2014 and 2013 the Borough’s bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Uninsured and Uncollateralized	\$513,608	\$514,762
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	4,204,104	13,312,662
	<u>\$4,717,712</u>	<u>\$13,827,424</u>

In addition, as of December 31, 2014 and 2013, the Borough had \$1,269,720 and \$1,268,988 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, 2014 and 2013 were \$129,624 and \$104,662 respectively.

Credit Risk - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2014 and 2013 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:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Balance December 31, 2014</u>
General Improvement	12/24/2013	\$5,840,000	3.00%-5.00%	\$5,540,000

**4. DEBT (continued)**

**Long-Term Debt (continued)**

Long-term bonded debt service requirements are as follows:

Year	General Capital Fund		
	Principal	Interest	Total
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	380,000	203,950	583,950
2020-2027	3,775,000	897,500	4,672,500
	<u>\$5,540,000</u>	<u>\$2,054,750</u>	<u>\$7,594,750</u>

Long-term debt transactions for the year ended December 31, 2014 are summarized as follows:

	Balance	Additions	Deductions	Balance
	Dec. 31, 2013			Dec. 31, 2014
General Capital Fund:				
General Serial Bonds	<u>\$5,840,000</u>	<u>\$0</u>	<u>\$300,000</u>	<u>\$5,540,000</u>

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

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

**Short-Term Debt**

At December 31, 2014 and 2013, the Borough's outstanding bond anticipation notes were as follows:

Purpose	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014
Various Capital Improvements	12/23/14	12/23/15	0.78%	\$534,375

  

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

**4. DEBT (continued)**

**Short-Term Debt (continued)**

**Special Emergency Notes**

At December 31, 2014 and 2013, the Borough's outstanding special emergency notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Current Fund:				
Hurricane Sandy	11/2/14	11/12/15	0.90%	<u>\$1,565,484</u>
	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>
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
				<u>\$5,931,155</u>

Short-term debt transactions for the years ended December 31, 2014 and 2013 are summarized as follows:

	<u>Balance Dec. 31, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2014</u>
General Capital Fund	\$4,636,000	\$534,375	\$4,636,000	\$534,375
Current Fund	5,931,155	1,565,484	5,931,155	1,565,484
	<u>\$10,567,155</u>	<u>\$2,099,859</u>	<u>\$10,567,155</u>	<u>\$2,099,859</u>
	<u>Balance Dec. 31, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2013</u>
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
	<u>\$6,084,000</u>	<u>\$13,467,155</u>	<u>\$8,984,000</u>	<u>\$10,567,155</u>

**Bonds and Notes Authorized but not Issued**

At December 31, 2014 and 2013 the Borough had authorized but not issued bonds and notes as follows:

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
General Capital Fund	\$333,000	\$333,250

**5. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2014 and 2013, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2015 and 2014 were as follows:

For the year ended December 31, 2015,

Current Fund	\$829,285
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For the year ended December 31, 2014,

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

**6. 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.

## 7. 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, 2014 and 2013 as follows:

	Local District School Tax		Regional High School Tax	
	2014	2013	2014	2013
Balance of Tax	\$2,103,496	\$2,060,590	\$1,758,330	\$1,814,880
Deferred	855,464	855,464	628,583	628,583
Tax Payable	<u>\$1,248,032</u>	<u>\$1,205,126</u>	<u>\$1,129,747</u>	<u>\$1,186,297</u>

## 8. 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 6.78% of base wages through June 30, 2014. Effective July 1, 2014 PERS employee contributions were 6.92% 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	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014	\$103,445	2014	\$206,484
2013	109,710	2013	197,460
2012	105,509	2012	195,411

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

## **8. 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.

## **9. POSTEMPLOYMENT RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 8, 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, 2014, 2013, and 2012 were \$282,556 \$271,146 and \$222,820 respectively, which equaled the required contributions for each year.

## **10. 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, 2014, 2013 and 2012 was \$11,118, \$11,215 and \$26,241, respectively.

## **11. 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, 2014 and 2013 were \$210,806 and \$208,716 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.

## **12. 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.

## **13. 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.

#### 14. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2014 and 2013 are presented below:

	December 31, 2014	December 31, 2013
<u>Receivables</u>		
Current Fund	\$927	\$41,636
Federal and State Grant Fund	19,278	
Other Trust Fund	531,629	
General Capital Fund	742,801	
	<u>\$1,294,635</u>	<u>\$41,636</u>
<u>Payables</u>		
Federal and State Grant Fund		\$41,636
Current Fund	\$1,278,682	
Unemployment Fund	15,026	
Animal Control Fund	927	
	<u>\$1,294,635</u>	<u>\$41,636</u>

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

#### 15. FIXED ASSETS

Fixed assets at December 31, 2014 and 2013 were as follows:

	Balance Dec. 31, 2013	Additions	Dispositions	Balance Dec. 31, 2014
Land, Buildings and Improvements	\$3,849,934			\$3,849,934
Equipment	3,370,086			3,370,086
	<u>\$7,220,020</u>	<u>-</u>	<u>-</u>	<u>\$7,220,020</u>
	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
	<u>\$7,220,020</u>	<u>-</u>	<u>-</u>	<u>\$7,220,020</u>

In 2012 the Borough was impacted by Hurricane Sandy. The accompanying flooding caused significant damage to certain of the Borough's buildings and equipment. The Borough's fixed asset inventory has not been adjusted for additions and dispositions occurring in 2012 and through 2014. The carrying amount of the Borough's impaired buildings and equipment that were idle as of December 31, 2014 and 2013 has not been determined.

**16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2014 the following deferred charges were reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2014	2015 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorizations (40A:4-54)			
Hurricane Sandy	\$2,064,661	\$688,220	\$1,376,441
Revaluation	155,000	31,000	124,000
	<u>\$2,219,661</u>	<u>\$719,220</u>	<u>\$1,500,441</u>

The appropriation in the 2015 budget was not less than required by statute.

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)	<u>\$2,986,155</u>	<u>\$921,494</u>	<u>\$2,064,661</u>

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

**17. 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 for each eligible volunteer member is \$1,150 per year of active emergency service year.

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.

## **18. 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, 2014, the Loan principal balance and related accrued interest were \$896,810 and \$10,037, 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.

## **19. 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.

## **20. 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. SUBSEQUENT EVENTS**

On May 26, 2015 the Borough adopted an ordinance authorizing the issuance of bonds or notes of \$1,183,800 for various 2015 capital improvements.

On July 28, 2015 the Borough adopted an ordinance authorizing the issuance of bonds or notes of \$647,855 for various additional 2015 capital improvements.

On November 12, 2015 the Borough issued a special emergency note in the principal amount of \$876,264 at an interest rate of .90% per annum. All special emergency note principal with interest due thereon is due on November 10, 2016.

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART II**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$7,432,412
Increased by Receipts:			
Miscellaneous Revenue not Anticipated	A-2	\$168,822	
Due from State of New Jersey for Senior Citizens and Veterans Deductions		29,750	
Collector	A-5	15,745,569	
Revenue Accounts Receivable	A-8	2,685,398	
Grants Receivable	A-13	210,949	
Unappropriated Reserves	A-15	11,645	
Petty Cash Funds		1,400	
Special Emergency Notes		1,565,484	
Reserve for FEMA Proceeds		423,235	
Due to State of New Jersey - Marriage Licenses		725	
Due to Other Trust Fund		516,603	
Due to General Capital Fund		742,801	
Due to Two Rivers Water Reclamation Authority		<u>10,321</u>	
			<u>22,112,702</u>
			29,545,114
Decreased by Disbursements:			
Appropriations	A-3	6,062,221	
Petty Cash Funds		800	
Appropriated Reserves	A-14	161,680	
Appropriation Reserves	A-9	109,693	
Encumbrances Payable	A-12	4,670	
County Taxes		3,897,668	
Regional High School Tax	A-11	3,571,430	
Local District School Tax	A-10	4,192,100	
Special Emergency Notes		5,931,155	
Refunds and Reimbursements		16,818	
Due to Two Rivers Water Reclamation Authority		5,942	
Due to State of New Jersey - Marriage Licenses		650	
Due from Animal Control Fund		<u>927</u>	
			<u>23,955,754</u>
Balance, December 31, 2014	A		<u><u>\$5,589,360</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CURRENT FUND CASH - COLLECTOR**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>		
Increased by Receipts:			
Taxes Receivable	A-6	\$15,467,540	
Prepaid Taxes		215,157	
Revenue Accounts Receivable- Interest and Costs on Taxes	A-8	<u>62,872</u>	
			<u>\$15,745,569</u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u>\$15,745,569</u>

**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, 2014**

Year	Balance	2014 Levy	Collections by Cash		Senior Citizens and Veterans	Canceled and Adjustments	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014	Deductions Allowed		Dec. 31, 2014	
2013	\$289,698			\$289,698				
2014		\$15,717,814	\$295,532	15,177,842	\$31,000	\$6,340	\$2,839	\$204,261
	<u>\$289,698</u>	<u>\$15,717,814</u>	<u>\$295,532</u>	<u>\$15,467,540</u>	<u>\$31,000</u>	<u>\$6,340</u>	<u>\$2,839</u>	<u>\$204,261</u>
<b>Ref.</b>	A			A-5			A-7	A

**Analysis of 2014 Property Tax Levy**

**Tax Yield:**

General Purpose Tax  
 Added Taxes (54:4-63.1 Et Seq.)

\$15,639,087  
78,727  
\$15,717,814

**Tax Levy:**

Regional High School Tax

**Ref.**  
 A-11 \$3,514,880  
 A-10 4,235,006

**County Taxes:**

County Tax 3,470,582  
 County Library Tax 221,129  
 County Open Space Tax 189,265  
 Amount Due County for Added Taxes 19,561

**Total County Taxes**

3,900,537

Local Tax for Municipal Purposes

A-2 4,006,012

Add: Additional Tax Levied

61,379

Local Tax for Municipal Purposes Levied

4,067,391

\$15,717,814

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>	
Balance, December 31, 2013	A	\$26,894
Increased by:		
Transfers from Taxes Receivable	A-6	<u>2,839</u>
Balance, December 31, 2014	A	<u><u>\$29,733</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	<u>Balance Dec. 31, 2013</u>	<u>Accrued in 2014</u>	<u>Collected</u>	<u>Balance Dec. 31, 2014</u>
Alcoholic Beverage Licenses	A-2		\$1,469	\$1,469	
Municipal Court Fines and Costs	A-2	\$3,927	65,613	65,499	\$4,041
Interest and Costs on Taxes	A-2		62,872	62,872	
Bathing Pavilion	A-2		1,020,105	1,020,105	
Energy Receipts Tax	A-2		291,039	291,039	
General Capital Fund Balance	A-2		48,642	48,642	
FEMA Receivable	A-2		780,000	780,000	
Community Disaster Loan Proceeds	A-2		263,342	263,342	
Other Trust Fund Balance	A-2		5,302	5,302	
Insurance Recovery Proceeds	A-2		210,000	210,000	
		<u>\$3,927</u>	<u>\$2,533,082</u>	<u>\$2,748,270</u>	<u>\$4,041</u>
	<u>Ref.</u>	A			A
			<u>Ref.</u>		
Collected By:					
Treasurer			A-4	\$2,685,398	
Tax Collector:					
Interest and Costs on Taxes			A-5	62,872	
				<u>\$2,748,270</u>	

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2014**

	<b><u>Balance Dec. 31, 2013</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid</u></b>	<b><u>Balance Lapsed</u></b>
Director:				
Other Expenses	\$1,107	\$1,107		\$1,107
Administrative and Executive:				
Salaries and Wages	8,822	822		822
Other Expenses	2,207	2,207	\$336	1,871
Borough Administrator:				
Salaries and Wages	6,856	6,856		6,856
Other Expenses	611	611		611
Municipal Clerk:				
Salaries and Wages	842	842		842
Other Expenses	6,817	817	201	616
Public Buildings and Grounds:				
Salaries and Wages	10,540	10,540		10,540
Other Expenses		250	227	23
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	845	845	11	834
Other Expenses	1,102	2,552	2,552	
Bathing Pavilion:				
Other Expenses	166	166	166	
Police				
Salaries and Wages		125	125	
Other Expenses		200	200	
Municipal Prosecutor:				
Salaries and Wages	251	251		251
Other Expenses	250	250		250
Board of Health:				
Salaries and Wages	998	998		998
Animal Control Services Expense		1,000	927	73
Municipal Court:				
Salaries and Wages	16,500	16,500		16,500
Other Expenses	3,393	3,393		3,393
Emergency Managing Services:				
Other Expenses	2,917	2,917	762	2,155
Recreation Commission:				
Salaries and Wages	165	165		165
Other Expenses	5,154	5,154		5,154

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2014**

	<b><u>Balance Dec. 31, 2013</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid</u></b>	<b><u>Balance Lapsed</u></b>
Environmental Commission:				
Salaries and Wages	\$143	\$143		\$143
Other Expenses	2,700	2,700		2,700
Housing Officer:				
Salaries and Wages	234	234		234
Other Expenses	131	131		131
Fire:				
Other Expenses:				
Fire Hydrant Service	1,535	1,535		1,535
Miscellaneous Other Expenses	1,962	1,962	\$112	1,850
Turnout Gear & Additional Equipment	597	597		597
Municipal Services Act (P.L. 1989, Ch. 299):				
Other Expenses	817	817		817
Fire Safety LEA Rebate (P.L. 1983, Ch. 383):				
Salaries and Wages	1,279	1,279		1,279
Road Repairs and Maintenance:				
Salaries and Wages	14,482	5,482	5,200	282
Other Expenses		1,250	1,250	
Garbage and Trash Removal:				
Salaries and Wages	24,277	4,777	321	4,456
Other Expenses	1,360	1,360		1,360
Sanitary Landfill:				
Other Expenses	24,840	24,840		24,840
Vehicle Maintenance	3,752	13,752	13,331	421
Senior Citizens Transportation:				
Salaries and Wages	659	659		659
Other Expenses	250	250		250
Drainage:				
Salaries and Wages	300	300		300
Other Expenses	110	110		110
Street Lighting:				
Other Expenses	4,072	4,072	79	3,993
Financial Administration:				
Salaries and Wages	14,349	2,274		2,274
Auditing Fees	6,280	25,280	23,649	1,631
Assessment of Taxes:				
Salaries and Wages	209	209		209
Other Expenses	1,298	1,298		1,298

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2014**

	<u>Balance Dec. 31, 2013</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Collection of Taxes:				
Other Expenses	\$2,313	\$2,313		\$2,313
Legal Services and Costs:				
Other Expenses:				
Miscellaneous		22,800	\$22,236	564
Insurance:				
General Liability	6,765	9,265	9,212	53
Workers Compensation	542	542		542
Employee Group Health	35,963	35,963		35,963
Accumulated Leave Compensation	15,500	15,500	15,500	
Computerized Data Processing	10,768	5,768		5,768
Celebration of Public Events	5,000	5,000		5,000
Utilities:				
Gasoline	9,175	9,175	3,455	5,720
Fuel Oil	3,021	3,021		3,021
Electricity	15,291	15,291	5,126	10,165
Telephone and Telegraph	2,167	3,167	1,119	2,048
Natural Gas	3,846	3,846		3,846
MCIA Administrative Expense	1,500	1,500		1,500
Contribution to Social Security System	290	290		290
Social Security System (O.A.S.I.)	24,959	24,959		24,959
Police and Firemen's Retirement System of NJ	540	540		540
NJ Unemployment Trust Fund	10,000	10,000		10,000
Defined Contribution Retirement Program	1,500	1,500		1,500
Aid to Privately Owned Libraries (N.J.S.A. 40:54-35)	16,723	16,723	3,596	13,127
	<u>\$341,042</u>	<u>\$341,042</u>	<u>\$109,693</u>	<u>\$231,349</u>
<b><u>Ref.</u></b>	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, 2014**

	<u>Ref.</u>		
Balance, December 31, 2013:			
School Tax Payable	A	\$1,205,126	
School Tax Deferred		<u>855,464</u>	\$2,060,590
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015	A-6		<u>4,235,006</u>
			6,295,596
Decreased by:			
Payments	A-4		<u>4,192,100</u>
Balance, December 31, 2014:			
School Tax Payable	A	1,248,032	
School Tax Deferred		<u>855,464</u>	<u>\$2,103,496</u>
<b><u>2014 Liability for Local District School Tax:</u></b>			
Tax Paid	A-10		\$4,192,100
School Tax Payable, December 31, 2014	A-10		<u>1,248,032</u>
			5,440,132
Less: School Tax Payable, December 31, 2013	A-10		<u>1,205,126</u>
Amount Charged to 2014 Operations	A-1		<u><u>\$4,235,006</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>		
Balance, December 31, 2013:			
School Tax Payable	A	\$1,186,297	
School Tax Deferred		<u>628,583</u>	\$1,814,880
Increased by:			
Levy - School Year July 1, 2014 to June 30, 2015	A-6		<u>3,514,880</u>
			<u>5,329,760</u>
Decreased by:			
Payments	A-4		<u>3,571,430</u>
Balance, December 31, 2014:			
School Tax Payable	A	1,129,747	
School Tax Deferred		<u>628,583</u>	<u>\$1,758,330</u>
 <b><u>2014 Liability for Regional High School Tax:</u></b>			
Tax Paid	A-11		\$3,571,430
School Tax Payable, December 31, 2014	A-11		<u>1,129,747</u>
			4,701,177
Less: School Tax Payable, December 31, 2013	A-11		<u>1,186,297</u>
Amount Charged to 2014 Operations	A-1		<u>\$3,514,880</u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2014**

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$11,472
Increased by:			
Transferred from 2014 Appropriations	A-3		19,835
			<u>31,307</u>
Decreased by:			
Encumbrances Cancelled	A-1	\$6,802	
Cash Disbursed	A-4	<u>4,670</u>	
			<u>11,472</u>
Balance, December 31, 2014	A		<u><u>\$19,835</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2014**

<b>Grant</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2013</b>	<b>2014 Appropriated Revenue</b>	<b>Unappropriated Reserves Realized</b>	<b>Cash Receipts</b>	<b>Balance Dec. 31, 2014</b>
NJ Transportation Trust Fund						
Authority Act	A-2	\$543,750	\$175,000		\$210,949	\$507,801
Recycling Tonnage	A-2		4,541	\$4,541		
Body Armor Replacement Fund	A-2		3,252	3,252		
		<u>\$543,750</u>	<u>\$182,793</u>	<u>\$7,793</u>	<u>\$210,949</u>	<u>\$507,801</u>
<b><u>Ref.</u></b>		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, 2014**

<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>Transfer from 2014 Budget Appropriation</u>	<u>Expended</u>	<u>Balance Dec. 31, 2014</u>
Alcohol Education and Rehabilitation Fund	\$1,066			\$1,066
Drunk Driving Enforcement Fund	1,880		\$353	1,527
Body Armor Replacement Fund	3,928	\$3,252		7,180
Recycling Tonnage		4,541		4,541
NJ Transportation Trust Fund Authority Act	463,213	175,000	137,747	500,466
Clean Communities Program	22,562		22,562	
Stormwater Regulation	1,672		1,018	654
	<u>\$494,321</u>	<u>\$182,793</u>	<u>\$161,680</u>	<u>\$515,434</u>
<b><u>Ref.</u></b>	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, 2014**

<u>Grant</u>	<u>Balance Dec. 31, 2013</u>	<u>Received</u>	<u>Appropriated</u>	<u>Balance Dec. 31, 2014</u>
Drunk Driving Enforcement Fund		\$2,298		\$2,298
Body Armor Replacement Fund	\$3,252	1,259	\$3,252	1,259
Clean Communities Program		8,088		8,088
Recycling Tonnage	4,541		4,541	
	<u>\$7,793</u>	<u>\$11,645</u>	<u>\$7,793</u>	<u>\$11,645</u>
<b><u>Ref.</u></b>	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, 2014**

	<u>Ref.</u>	<u>Unemployment</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2013	B	<u>\$11,215</u>	<u>\$1,766</u>	<u>\$1,086,570</u>
Increased by Receipts:				
Animal Control Fees	B-4		745	
Due to Other Trust Fund		15,026		
Due to Current Fund			927	
State Dog License Fees			80	
Other Trust Fund Deposits	B-3			782,198
		<u>15,026</u>	<u>1,752</u>	<u>782,198</u>
Decreased by Disbursements:				
Unemployment Expenditures	B-5	97		
Due from Unemployment Fund				15,026
Due from Current Fund				516,603
Other Trust Fund Expenditures	B-3			731,463
Current Fund for Fund Balance - Anticipated Revenue				5,302
State Dog License Fees			141	
Expenditures Under R.S. 4:19-15.11	B-4		1,166	
		<u>97</u>	<u>1,307</u>	<u>1,268,394</u>
Balance, December 31, 2014	B	<u><u>\$26,144</u></u>	<u><u>\$2,211</u></u>	<u><u>\$600,374</u></u>

**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, 2014**

	<b>Balance</b> <b>Dec. 31, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b> <b>Dec. 31, 2014</b>
<b><u>Reserves for:</u></b>				
Developers Escrow	\$62,397	\$89,534	\$40,900	\$111,031
Premium Received at Tax Sale	132,600	182,700	51,000	264,300
Police Traffic	19,305	69,025	54,874	33,456
Recycling	88,830			88,830
Construction Code Official Fees	272,395	199,514	205,628	266,281
Recreation	36,554	36,224	29,001	43,777
Kid's Day	500			500
Dune Grass	2,108		2,108	
Shade Tree	2,622	8,704	11,326	
Parking Adjudication	809	106		915
Accumulated Absences	82,471	15,500	21,962	76,009
Affordable Housing	362,857	76,710	223,715	215,852
Fire Penalty	450			450
Snow Removal	9,000		386	8,614
Law Enforcement	620			620
Bathing Locker Deposits	7,750	13,223	17,060	3,913
Bathing Pavilion Junior Guards		8,700	450	8,250
Swim Team		9,659	4,089	5,570
Third Party Lien Redemptions		72,599	68,964	3,635
	<b><u>\$1,081,268</u></b>	<b><u>\$782,198</u></b>	<b><u>\$731,463</u></b>	<b><u>\$1,132,003</u></b>
<b><u>Ref.</u></b>	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, 2014**

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$1,705
Increased by:		
Animal Control Fees Collected	B-2	745
		2,450
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash	B-2	1,166
		1,166
Balance, December 31, 2014	B	\$1,284

License Fees Collected:

Year	Amount
2013	\$914
2012	1,902
	\$2,816

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR UNEMPLOYMENT FUND EXPENDITURES**  
**Year Ended December 31, 2014**

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$11,215
Decreased by:		
Unemployment Expenditures	B-2	<u>97</u>
Balance, December 31, 2014	B	<u><u>\$11,118</u></u>

**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, 2014**

	<b><u>Ref.</u></b>		
Balance, December 31, 2013	B		\$104,662
Increased by:			
Borough Contributions	B-7	\$17,332	
Change in Market Value	B-7	5,598	
Prior Year Adjustment	B-7	<u>2,557</u>	
			<u>25,487</u>
			130,149
Decreased by:			
Administrative Charges	B-7		<u>525</u>
Balance, December 31, 2014	B		<u><u>\$129,624</u></u>

**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, 2014**

	<u>Ref.</u>		
Balance, December 31, 2013	B		\$104,662
Increased by:			
Borough Contributions	B-6	\$17,332	
Change in Market Value	B-6	5,598	
Prior Year Adjustment	B-6	<u>2,557</u>	
			<u>25,487</u>
			130,149
Decreased by:			
Administrative Charges	B-6		<u>525</u>
Balance, December 31, 2014	B		<u><u>\$129,624</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>		
Balance, December 31, 2013	C		\$6,780,653
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-5	\$50,000	
Deferred Charges to Future Taxation - Unfunded	C-9	250	
Reserve for Sand Replenishment		75,000	
Bond Anticipation Notes	C-7	<u>534,375</u>	
			<u>659,625</u>
			7,440,278
Decreased by Disbursements:			
Reserve for Improvements to Bathing Pavilion		283,322	
Reserve for Improvements to Park Lights		350	
Reserve for Dump Truck		20	
Reserve for Municipal Generator		646	
Reserve for Preliminary Costs for Drainage Improvements at Drew Court		8,150	
Reserve for Purchase of Equipment for Bathing Pavilion Concession		236	
Reserve for Purchase of Wood Chipper		8,309	
Reserve for Sand Replenishment		5,279	
Reserve for Road Program		30,311	
Reserve for Telephone System for Police Department		357	
Reserve for Purchase of Utility Vehicle		696	
Reserve for Upgrade to Police Radio Equipment		5,955	
Due from Current Fund	C-4	742,801	
Capital Surplus to Current Fund	C-1	48,642	
Bond Anticipation Notes	C-7	4,636,000	
Improvement Authorizations	C-6	<u>1,593,442</u>	
			<u>7,364,516</u>
Balance, December 31, 2014	C		<u><u>\$75,762</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2014**

	<b>Balance</b>
	<b><u>Dec. 31, 2014</u></b>
Capital Improvement Fund	\$99,003
Grants Receivable	(225,000)
Due from Current Fund	(742,801)
Reserve for Sand Replenishment	75,107
Reserve for Improvements to Bathing Pavilion	33
Reserve for Purchase of Bleachers for Park	7,000
Reserve for Improvements to Library Building	14,735
Reserve for Debt Service for Seawall	24

Improvement Authorizations:

<u>Ordinance Date</u>	<u>Improvement Description</u>	
8/2/07	Sidewalk Improvement Program	19,558
11/8/12	2012 Sand Replenishment Project	27,364
9/3/13	Various Capital Improvements	599,654
11/12/13	Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building	(224,272)
10/14/14	Various Capital Improvements	425,357
		<u>\$75,762</u>
	<b><u>Ref.</u></b>	<b>C</b>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DUE FROM CURRENT FUND**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>	
Balance, December 31, 2013	C	\$0
Increased by:		
Cash Disbursements	C-2	<u>742,801</u>
Balance, December 31, 2014	C	<u><u>\$742,801</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>	
Balance, December 31, 2013	C	\$77,128
Increased by:		
2014 Budget Appropriation	C-2	<u>50,000</u>
		127,128
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>28,125</u>
Balance, December 31, 2014	C	<u><u>\$99,003</u></u>

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**Year Ended December 31, 2014**

<b><u>Improvement Authorizations</u></b>	<b><u>Ordinance Amount</u></b>	<b><u>Balance Dec. 31, 2013</u></b>		<b><u>2014 Authorizations</u></b>	<b><u>Paid</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	
		<b><u>Funded</u></b>	<b><u>Unfunded</u></b>			<b><u>Funded</u></b>	<b><u>Unfunded</u></b>
Various Capital Improvements	\$38,000	\$511			\$511		
Purchase of Breath Alcohol System	14,000	90			90		
Sidewalk Improvement Program	20,000	19,882			324	\$19,558	
Purchase of Recording Equipment for the Police Department and Municipal Court	17,000	842			842		
2012 Sand Replenishment Project	475,000	53,425			26,061	27,364	
Various Capital Improvements	2,160,000	1,911,853			1,312,199	599,654	
Reconstruction of the Monmouth Beach Firehouse, Fire Museum and First Aid Building	350,000		\$225,000		116,272		\$108,728
Various Capital Improvements	562,500			\$562,500	137,143		425,357
		<b><u>\$1,986,603</u></b>	<b><u>\$225,000</u></b>	<b><u>\$562,500</u></b>	<b><u>\$1,593,442</u></b>	<b><u>\$646,576</u></b>	<b><u>\$534,085</u></b>
	<b><u>Ref.</u></b>	C	C		C-2	C	C
Capital Improvement Fund			<b><u>Ref.</u></b>				
Deferred Charges to Future Taxation - Unfunded			C-5	\$28,125			
			C-9	534,375			
				<b><u>\$562,500</u></b>			

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2014**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2013</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2014</b>
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	
09-14	Various Capital Improvements	12/23/14	12/23/14	12/23/15	0.78%		\$534,375		\$534,375
						<u>\$4,636,000</u>	<u>\$534,375</u>	<u>\$4,636,000</u>	<u>\$534,375</u>
					<b>Ref.</b>	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, 2014**

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$5,840,000
Decreased by:		
Budget Appropriation to Pay Bonds	C-10	<u>300,000</u>
Balance, December 31, 2014	C	<u><u>\$5,540,000</u></u>

**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, 2014**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2013</u></b>	<b><u>2014 Authorizations</u></b>	<b><u>Budget Appropriations</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Analysis of Balance December 31, 2014</u></b>	
						<b><u>Expenditures</u></b>	<b><u>Unexpended Improvement Authorizations</u></b>
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	\$224,272	\$108,728
09-14	Various Capital Improvements		\$534,375		534,375	109,018	425,357
		<u>\$333,250</u>	<u>\$534,375</u>	<u>\$250</u>	<u>\$867,375</u>	<u>\$333,290</u>	<u>\$534,085</u>
<b><u>Ref.</u></b>		C	C-6	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, 2014**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2013</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2014</u>
General Improvement	12/24/13	\$5,840,000	12/01/15	\$330,000	3.00%	\$5,840,000	\$300,000	\$5,540,000
			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%			
					<u>\$5,840,000</u>	<u>\$300,000</u>	<u>\$5,540,000</u>	
				<u>Ref.</u>				
					C	C-8	C	

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2014**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014 and 2013	C	<u><u>\$225,000</u></u>

**Analysis:**

<b><u>Description</u></b>	<b><u>Ordinance Number</u></b>	
N.J.D.O.T. Various Capital Improvements	131-13	<u><u>\$225,000</u></u>

**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, 2014**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Balance Dec. 31, 2013</u></b>	<b><u>2014 Authorizations</u></b>	<b><u>Bond Anticipation Notes Issued</u></b>	<b><u>Funded by Budget Appropriation</u></b>	<b><u>Balance Dec. 31, 2014</u></b>
<b>General Improvements</b>						
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
09-14	Various Capital Improvements		\$534,375	\$534,375		
		<u>\$333,250</u>	<u>\$534,375</u>	<u>\$534,375</u>	<u>\$250</u>	<u>\$333,000</u>
	<b>Ref.</b> (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, 2014**

	<u>Balance Dec. 31, 2013</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance Dec. 31, 2014</u>
General Fixed Assets:				
Land, Buildings and Improvements	\$3,849,934			\$3,849,934
Equipment	3,370,086			3,370,086
	<u>\$7,220,020</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,220,020</u>
<b><u>Ref.</u></b>	D			D

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART III**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2014**

**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:

One (1) New and Unused 2015 or Newer Rear Loader Chassis and Cab Volvo VHD 64 B Set Back Front Axle Model 66000 GVW, or Equivalent

One (1) New and Unused 32 Yard Rearloading Refuse Collection Truck Body

Monmouth Beach Bathing Pavilion Phase IX - Pump Room Reconstruction & Equipment Storage Addition

Monmouth Beach Bathing Pavilion Phase X - Entry Renovation and Second Floor Roof Beach Road Improvements Phase III

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 16, 2014 and was complete.

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

2014	4
2013	4
2012	4

## SUMMARY OF MUNICIPAL DEBT

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>Issued</u></b>			
General Bonds and Notes	\$6,074,375	\$10,476,000	\$5,084,000
Less:			
Funds on Hand to Pay Bonds and Notes	-	4,636,000	-
Net Debt Issued	<u>6,074,375</u>	<u>5,840,000</u>	<u>5,084,000</u>
<b><u>Authorized but not Issued</u></b>			
General Bonds and Notes	<u>333,000</u>	<u>333,250</u>	<u>250</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u><u>\$6,407,375</u></u>	<u><u>\$6,173,250</u></u>	<u><u>\$5,084,250</u></u>

## SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.496%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School	\$2,140,000	\$2,140,000	
Regional School	3,332,243	3,332,243	
General Debt	<u>6,525,919</u>	<u>118,544</u>	<u>\$6,407,375</u>
	<u><u>\$11,998,162</u></u>	<u><u>\$5,590,787</u></u>	<u><u>\$6,407,375</u></u>

Net Debt \$6,407,375 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,292,477,658 equals 0.496%.

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

3½% of Equalized Valuation Basis	\$45,236,718
Net Debt	<u>6,407,375</u>
Remaining Borrowing Power	<u><u>\$38,829,343</u></u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Municipal	.333	.328	.328
Local School	.352	.343	.343
Regional School	.292	.300	.309
County	.323	.312	.307
Total Tax Rate	<u>\$1.300</u>	<u>\$1.283</u>	<u>\$1.287</u>

**ASSESSED VALUATIONS**

2014	\$1,203,006,679
2013	1,210,767,732
2012	1,260,536,256

**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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2014	\$15,717,814	\$15,504,374	98.64%
2013	15,602,789	15,205,040	97.45%
2012	16,298,628	16,010,916	98.23%

**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.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Title Liens	\$29,733	\$26,894	\$23,772
Delinquent Taxes	<u>204,261</u>	<u>289,698</u>	<u>220,509</u>
Total Delinquent	<u>\$233,994</u>	<u>\$316,592</u>	<u>\$244,281</u>
% of Tax Levy	1.49%	2.03%	1.50%

**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:

<u>Year</u>	<u>Amount</u>
2014	\$60,750
2013	60,750
2012	60,750

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

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Succeeding Budget</u>
2014	\$1,484,062	\$829,285
2013	1,245,436	1,000,000
2012	1,668,645	1,450,000

## **OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Amount of Bond*</u></b>
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**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-001**

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 2014 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.

\*This recommendation appeared in the 2013 audit report.

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**  
**(Continued)**

**YEAR ENDED DECEMBER 31, 2014**

**Finding 2014-002**

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/Cause**

Additions and dispositions to the fixed assets accounting and reporting system were not currently maintained in 2014.

**Effect**

The Borough's general fixed assets as of December 31, 2014 have not been adjusted for additions and dispositions occurring in 2014.

**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.

\*This recommendation appeared in the 2013 audit report.

**Other Internal Control and Compliance Matters**

**2014-003**

**Comment**

We noted that were interfund balances at year end.

**Recommendation**

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

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**PART V**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2014**

**BOROUGH OF MONMOUTH BEACH**  
**COUNTY OF MONMOUTH**  
**STATE OF NEW JERSEY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2014**

**Finding 2013-001** - This finding noted a deficiency in internal control over financial reporting relative to the maintenance of complete and accurate general ledgers for all funds.

**Current Status** - Finding 2013-001 has not been resolved. The Borough did not maintain complete and accurate general ledgers for all funds in 2014 on a timely basis.

**Corrective Action Planned** - It is the Borough's intention to develop and implement internal control procedures to ensure the maintenance of complete and accurate general ledgers for all funds on a timely basis.

**Finding 2013-002** - This finding noted a deficiency in internal control over financial reporting relative to the maintenance of a fixed assets ledger.

**Current Status** - Finding 2013-002 has not been resolved. The Borough did not maintain a fixed assets ledger in 2014.

**Corrective Action Planned** - It is the Borough's intention to implement internal control procedures designed to ensure the maintenance of a complete and accurate fixed assets ledger.