

BOROUGH OF AVALON
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2013

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BOROUGH OF AVALON

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Avalon, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Avalon, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed 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 basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of the financial statements, the financial statements are prepared by the Borough of Avalon on the basis of the financial reporting provisions prescribed by 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, to meet the requirements of New Jersey.

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 each fund of the Borough of Avalon as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2013 and 2012, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Avalon’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014 on our consideration of the Borough of Avalon'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 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 of Avalon's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

September 12, 2014

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EXHIBIT A - CURRENT FUND

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 8,597,707.97	6,245,983.64
Cash - Change	1,200.00	1,200.00
Total Cash	<u>8,598,907.97</u>	<u>6,247,183.64</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	441,367.52	495,776.84
Tax Title and Other Liens	14,703.16	14,703.16
Property Acquired for Taxes - at Assessed Valuation	137,480.20	137,480.20
Due from Avalon Library	53,749.29	52,601.41
Revenue Accounts Receivable	6,273.99	10,596.98
Interfund Receivable:		
State and Federal Grant Fund	7,679.50	-
Animal Control Fund	171.95	142.26
General Capital Fund	-	2,799,381.79
Trust-Other	9,817.33	1,711.75
Water & Sewer Operating Fund	196,543.45	22,937.95
Beach Utility Fund	158,109.05	-
Total Receivables and Other Assets	<u>1,025,895.44</u>	<u>3,535,332.34</u>
Deferred Charges:		
None	-	-
Total Deferred Charges	<u>-</u>	<u>-</u>
Total Regular Fund	<u>9,624,803.41</u>	<u>9,782,515.98</u>
Federal and State Grant Fund:		
Cash	-	29,639.96
Federal and State Grants Receivable	390,207.60	219,618.84
Total Federal and State Grant Fund	<u>390,207.60</u>	<u>249,258.80</u>
Total Current Fund	<u>\$ 10,015,011.01</u>	<u>10,031,774.78</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2013</u>	<u>2012</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 877,292.35	933,383.23
Reserve for Encumbrances/Accounts Payable	416,164.39	571,568.41
Prepaid Taxes	1,102,831.58	1,091,869.60
Overpaid Taxes	3,836.34	855.35
Due County - Added Taxes Payable	59,416.89	42,012.92
Due to Beach Utility Operating Fund	-	11,420.82
Prepaid Licenses and Permits	153,450.00	143,850.00
Prepaid Fire Inspection Fees	49,650.00	38,279.00
Prepaid Bay Park Marina Fees	328.00	328.00
Due to State of New Jersey:		
State Training Fee for New Construction	9,083.00	6,308.00
Veterans and Senior Citizens Deductions	2,002.95	4,752.95
Sales Tax	42.34	12.52
Marriage Licenses	275.00	75.00
Rental License Bond	25,500.00	22,000.00
Reserve for Master Plan	6,892.50	6,892.50
Reserve for Garden State Preservation Trust	-	3,877.00
Reserve for Benches - Downtown	22,578.00	7,278.00
Reserve for Animal Protection Fund	4,809.68	3,411.08
Reserve for 911 Memorial Maintenance	13,223.11	-
	2,747,376.13	2,888,174.38
Reserve for Receivables and Other Assets	1,025,895.44	3,535,332.34
Fund Balance	5,851,531.84	3,359,009.26
Total Regular Fund	9,624,803.41	9,782,515.98
Federal and State Grant Fund:		
Unappropriated Reserves	76,366.04	102,680.67
Appropriated Reserves	125,939.15	145,902.22
Encumbrances Payable	180,222.91	675.91
Due to Current Fund	7,679.50	-
Total Federal and State Grant Fund	390,207.60	249,258.80
Total Current Fund	\$ 10,015,011.01	10,031,774.78

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized		
Fund Balance	\$ -	2,246,771.45
Miscellaneous Revenue Anticipated	5,571,482.11	3,051,922.67
Receipts from Delinquent Taxes	496,363.74	619,422.38
Receipts from Current Taxes	37,899,938.83	36,448,834.44
Non Budget Revenue	738,326.12	462,780.66
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	704,177.86	486,811.03
Prior Refunds	12,996.69	-
Tax Overpayments Canceled	1.47	-
Interfunds Returned	44,164.95	149,696.90
Total Income	<u>45,467,451.77</u>	<u>43,466,239.53</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,950,129.58	5,676,375.74
Other Expenses	6,620,893.00	6,494,446.60
Deferred Charges & Statutory Expenditures	2,107,133.94	1,785,428.86
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	19,691.60	-
Other Expenses	2,968,841.18	2,759,328.01
Capital Improvements	1,147,800.00	972,000.00
Debt Service	3,913,353.85	3,965,294.12
Deferred Charges & Statutory Expenditures	225,000.00	225,000.00
Local District School Tax	3,078,694.00	3,078,694.00
County Tax	16,534,546.21	15,865,331.50
County Share of Added Tax	59,416.89	42,012.92
Interfund Created	348,678.94	2,587,181.75
Other:		
Senior Citizen Deduction Disallowed Prior Year	750.00	250.00
Prior Accounts Payable Adjustment	-	2,368.63
Total Expenditures	<u>42,974,929.19</u>	<u>43,453,712.13</u>
Excess/(Deficit) in Revenue	<u>2,492,522.58</u>	<u>12,527.40</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
 IN FUND BALANCE - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	2,492,522.58	12,527.40
Fund Balance January 1	3,359,009.26	5,593,253.31
	5,851,531.84	5,605,780.71
Decreased by:		
Utilization as Anticipated Revenue	-	2,246,771.45
Fund Balance December 31	\$ 5,851,531.84	3,359,009.26

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	-	-	-
Total Fund Balance Anticipated	-	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	20,000.00		2,938.00
Other	250.00		298.50
Fees and Permits	350,000.00		52,185.45
Fines and Costs:			
Municipal Court	165,000.00		(16,343.02)
Interest and Costs on Taxes	155,000.00		(19,402.68)
Interest Earned on Investments	30,000.00		(11,354.37)
Fees from Fire Inspections	100,000.00		(12,115.00)
Fees from Rental Registrations and Licenses	191,000.00		550.00
County of Cape May - Fleet Maintenance	72,000.00		(69,590.57)
Television Cable Fees	48,620.12		-
Library - Rent & Administration/Bldgs & Grounds	151,359.00		-
Total Section A: Local Revenues	<u>1,283,229.12</u>	<u>-</u>	<u>(72,833.69)</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	435,714.00		-
Garden State Preservation Trust Fund	3,877.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>439,591.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	320,000.00		75,758.00
Total Section C: Uniform Construction Code Fees	<u>320,000.00</u>	<u>-</u>	<u>75,758.00</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	74,328.08		-
Recreation Grant - McElhatton	50.00		-
Drive Sober or Get Pulled Over		4,400.00	-
Clean Communities Program	19,691.60		-
Municipal Court Alcohol Education	1,241.15		-
COPS in Shops	30.96	1,400.00	-
Bullet Proof Vest Partnership	2,338.88		-
Emergency Management Assistance	5,000.00		-
N.J. Transportation Trust Fund Authority Act		175,000.00	-
Total Section F: Special Items - Public and Private Programs	102,680.67	180,800.00	-
Section G: Other Special Items			
Uniform Fire Safety Act	8,500.00		5,645.95
Reserve for Payment of Bonds	120,000.00		-
Sale of Land-County Debt Service Payment	90,986.22		(200.00)
Transfer of Excess Library Surplus	250,000.00		12,108.00
Due from General Capital Fund	2,755,216.84		-
Total Section G: Other Special Items	3,224,703.06	-	17,553.95
Total Miscellaneous Revenues:	5,370,203.85	180,800.00	20,478.26
Receipts from Delinquent Taxes	475,000.00		21,363.74

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Realized
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	18,452,655.11		19,750,410.73
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>18,452,655.11</u>	-	<u>19,750,410.73</u>
Budget Totals	<u>24,297,858.96</u>	<u>180,800.00</u>	<u>25,818,256.58</u>
Non- Budget Revenues:			
Other Non- Budget Revenues:			<u>738,326.12</u>
			<u>26,556,582.70</u>
			<u>2,077,923.74</u>

Excess or
(Deficit)

1,297,755.62

1,297,755.62

1,339,597.62

738,326.12

2,077,923.74

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 37,899,938.83
Less: Reserve for Tax Appeals Pending	<u>-</u>
Net Revenue from Collections	37,899,938.83

Allocated to:

School, County and Other Taxes	<u>19,672,657.10</u>
Balance for Support of Municipal Budget Appropriations	18,227,281.73

Increased by:

Appropriation "Reserved for Uncollected Taxes"	<u>1,523,129.00</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>19,750,410.73</u></u>
---	-----------------------------

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 496,363.74
Tax Title Lien Collections	<u>-</u>

Total Receipts from Delinquent Taxes	<u><u>496,363.74</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Joint Insurance Fund Reimbursements	16,113.64
Refunds	78,374.67
COBRA	17,806.46
Recycling	7,373.40
Administration Fee - Veterans & Seniors	700.00
Library Health Insurance	59,260.72
2012 Approp. Reserves - Beach Utility Fund Canceled	98,241.37
2012 Approp. Reserves - Water/Sewer Util. Fund Canceled	63,310.84
Employee Health Insurance Contribution	9,950.92
Miscellaneous	21,563.46
Void Checks - Payroll	951.04
Library Pension Reimbursements	79,611.49
Telephone Commissions	43.20
Premium on Notes	35,936.00
Statutory Excess Animal Control Fund	<u>29.69</u>

Total Miscellaneous Revenue Not Anticipated:	<u><u>738,326.12</u></u>
--	--------------------------

Cash Receipts	674,985.59
Due from Water & Sewer Operating Fund	63,310.84
Due from Animal Control Fund	<u>29.69</u>
	<u><u>738,326.12</u></u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Business Administration						
Salaries and Wages	\$ 170,533.48	170,533.48	170,533.02		0.46	0.00
Other Expenses	20,500.00	20,500.00	19,578.67	633.74	287.59	0.00
Other Expenses - Employee Awards Program	500.00	500.00			500.00	-
Council						
Salaries and Wages	54,869.28	54,869.28	52,758.75		2,110.53	-
Other Expenses	35,050.00	35,050.00	32,061.58	2,969.66	18.76	0.00
Office of the Mayor						
Salaries and Wages	105,093.30	105,093.30	105,092.63		0.67	(0.00)
Other Expenses	103,250.00	103,250.00	101,238.77	1,011.23	1,000.00	(0.00)
Borough Clerk's Office						
Salaries and Wages	113,484.00	113,484.00	113,483.70		0.30	0.00
Other Expenses	18,150.00	18,150.00	18,143.41		6.59	0.00
Treasurer's Office						
Salaries and Wages	197,854.45	197,854.45	197,853.59		0.86	0.00
Other Expenses	46,250.00	46,250.00	41,290.12	4,577.43	382.45	(0.00)
Audit Services						
Other Expenses	27,800.00	27,800.00	27,800.00			-
Election						
Other Expenses	20,000.00	20,000.00	19,971.51		28.49	0.00
Municipal Court						
Salaries and Wages	109,000.05	109,000.05	98,598.08		10,401.97	-
Other Expenses	74,300.00	74,300.00	73,277.89	666.00	356.11	0.00
Public Defender						
Salaries and Wages	4,000.00	4,000.00	4,000.00			-
Revenue Administration (Tax Collector)						
Salaries and Wages	74,257.50	74,257.50	70,346.15		3,911.35	0.00
Other Expenses	39,250.00	39,250.00	38,572.29	275.70	402.01	(0.00)
Tax Assessment Administration						
Salaries and Wages	145,273.15	145,273.15	140,235.61		5,037.54	0.00
Other Expenses	10,500.00	10,500.00	9,967.74	350.00	182.26	0.00
Legal Services						
Salaries and Wages	15,000.00	15,000.00	14,999.99		0.01	0.00
Other Expenses	200,000.00	270,000.00	268,710.19	1,289.81		(0.00)
Engineering Services and Costs						
Other Expenses	140,000.00	140,000.00	139,229.67		770.33	(0.00)

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Licensing						
Salaries and Wages	36,832.29	36,832.29	35,047.47		1,784.82	-
Other Expenses	6,000.00	6,000.00	5,013.86	875.00	111.14	0.00
Worker and Community Right to Know Act						
Salaries and Wages	31,355.16	31,355.16	29,488.56		1,866.60	-
Other Expenses	18,000.00	18,000.00	14,940.32	269.16	2,790.52	-
LAND USE ADMINISTRATION						
Planning and Zoning						
Salaries and Wages	14,613.60	14,613.60	9,086.74		5,526.86	-
Other Expenses	60,000.00	60,000.00	58,822.74	1,025.58	151.68	0.00
Environmental Commission						
Salaries and Wages	3,527.94	3,527.94	3,325.92		202.02	-
Other Expenses	2,100.00	2,100.00	825.07		1,274.93	-
INSURANCE						
General Liability	184,250.00	184,250.00	147,678.05	4,607.16	31,964.79	-
Workers Compensation Insurance	243,000.00	243,000.00	239,705.15		3,294.85	0.00
Health Benefits Waiver						
Salaries and Wages	14,000.00	32,000.00	22,231.25		9,768.75	-
Employee Group Health	2,247,803.00	2,247,803.00	2,195,787.07	6,048.32	45,967.61	(0.00)
PUBLIC SAFETY						
Fire Department						
Other Expenses	62,085.00	62,085.00	61,792.88	292.12		0.00
Police Department						
Salaries and Wages	2,252,104.62	2,252,104.62	2,022,501.85		229,602.77	-
Other Expenses:						
Municipal Alliance Program	5,000.00	5,000.00	2,996.52	1,524.50	478.98	(0.00)
Miscellaneous Other Expenses	158,100.00	158,100.00	140,850.26	9,977.33	7,272.41	(0.00)
Office of Emergency Management						
Salaries and Wages	37,777.28	37,777.28	32,780.86		4,996.42	-
Other Expenses	7,700.00	7,700.00	7,697.47		2.53	(0.00)
Uniform Fire Safety Act:						
Fire Official						
Salaries and Wages	112,224.74	112,224.74	110,851.50		1,373.24	0.00
Other Expenses	7,000.00	7,000.00	4,748.96		2,251.04	-
Rescue Squad						
Salaries and Wages	390,086.70	390,086.70	390,085.72		0.98	0.00
Other Expenses	24,560.00	24,560.00	10,960.21	13,377.59	222.20	0.00

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Prosecutor Salaries and Wages	15,000.00	15,000.00	15,000.00			-
PUBLIC WORKS						
Division of Public Works Salaries and Wages	1,092,971.17	1,092,971.17	1,091,262.85		1,708.32	(0.00)
Other Expenses:						
Landscape/Lawn Care - Contractual	376,820.00	376,820.00	326,950.50		49,869.50	-
Miscellaneous Other Expenses	381,000.00	401,000.00	349,087.69	51,399.46	512.85	(0.00)
Garbage and Trash Removal						
Contractual	393,000.00	314,000.00	262,129.02	36,650.00	15,220.98	(0.00)
Garbage and Trash Licenses						
Other Expenses	1,500.00	1,500.00	410.00		1,090.00	-
Recycling						
Contractual	395,000.00	366,000.00	272,210.26	3,741.67	90,048.07	-
Sanitary Landfill Closure Act						
Other Expenses	228,000.00	228,000.00	189,775.99	10,851.48	27,372.53	-
Vehicle Maintenance						
Salaries and Wages	166,485.26	166,485.26	156,727.23		9,758.03	-
Other Expenses	125,000.00	125,000.00	121,265.76	3,734.24		0.00
HEALTH AND HUMAN SERVICES:						
Animal Control						
Other Expenses	33,000.00	33,000.00	9,872.00	8,223.00	14,905.00	-
PARKS AND RECREATION FUNCTIONS:						
Recreation						
Salaries and Wages	261,190.83	261,190.83	247,604.95		13,585.88	(0.00)
Other Expenses	224,950.00	224,950.00	216,653.26	8,208.75	87.99	(0.00)
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	298,679.96	298,679.96	269,419.80		29,260.16	0.00
Other Expenses	12,500.00	12,500.00	11,280.67	809.43	409.90	-
Sub-Code Official						
Zoning Official						
Salaries and Wages	20,914.82	20,914.82	20,914.76		0.06	0.00
Other Expenses	1,975.00	1,975.00	1,887.95		87.05	-

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Salary Adjustments	45,000.00	45,000.00	29,646.15		15,353.85	-
Accumulated Leave	150,000.00	150,000.00	150,000.00			-
Utilities:						
Electric, Natural Gas	410,000.00	410,000.00	346,389.93	48,414.69	15,195.38	-
Telephone	85,000.00	85,000.00	56,122.22	8,296.01	20,581.77	-
Gasoline	165,000.00	165,000.00	164,580.64	419.36		(0.00)
TOTAL OPERATIONS WITHIN "CAPS"	12,526,022.58	12,526,022.58	11,614,153.42	230,518.42	681,350.74	(0.00)
Contingent	45,000.00	45,000.00	38,666.28	6,006.47	327.25	0.00
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	12,571,022.58	12,571,022.58	11,652,819.70	236,524.89	681,677.99	(0.00)
Detail:						
Salaries and Wages	5,932,129.58	5,950,129.58	5,603,877.13	-	346,252.45	(0.00)
Other Expenses	6,638,893.00	6,620,893.00	6,048,942.57	236,524.89	335,425.54	(0.00)
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
Anticipated Deficit in Beach Utility Fund	222,167.64	222,167.64	222,167.64			-
Anticipated Deficit in Water Sewer Utility Fund	136,542.35	136,542.35	136,542.35			-
Unpaid Prior Year Bills	505,914.61	505,914.61	505,423.95			490.66
Statutory Expenditures:						
Contributions to:						
Police and Fire Retirement System of N.J.	357,000.00	357,000.00	356,774.00		226.00	-
Public Employees Retirement System	435,000.00	435,000.00	430,343.00		4,657.00	-
Social Security System (O.A.S.I.)	450,000.00	450,000.00	411,310.68		38,689.32	-
Defined Contribution Retirement Program	1,000.00	1,000.00	779.62		220.38	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,107,624.60	2,107,624.60	2,063,341.24	-	43,792.70	490.66
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	14,678,647.18	14,678,647.18	13,716,160.94	236,524.89	725,470.69	490.66

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	2,765,000.00	2,765,000.00	2,765,000.00			-
Interest on Bonds	982,750.00	982,750.00	982,750.00			-
Green Acres Trust Loan Program						
Loan Repayments for Principal and Interest	167,800.00	167,800.00	165,603.85			2,196.15
Total Debt Service	<u>3,915,550.00</u>	<u>3,915,550.00</u>	<u>3,913,353.85</u>	<u>-</u>	<u>-</u>	<u>2,196.15</u>
(E) Deferred Charges						
Deferred Charges to Future Taxation Unfunded	225,000.00	225,000.00	225,000.00			-
Total Deferred Charges	<u>225,000.00</u>	<u>225,000.00</u>	<u>225,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	8,096,082.78	8,276,882.78	8,017,192.49	105,672.48	151,821.66	2,196.15
SUBTOTAL GENERAL APPROPRIATIONS	22,774,729.96	22,955,529.96	21,733,353.43	342,197.37	877,292.35	2,686.81
(M) Reserve for Uncollected Taxes	1,523,129.00	1,523,129.00	1,523,129.00			-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 24,297,858.96</u>	<u>24,478,658.96</u>	<u>23,256,482.43</u>	<u>342,197.37</u>	<u>877,292.35</u>	<u>2,686.81</u>
Budget Appropriations by 40A-4-87	\$ 24,297,858.96					
	180,800.00					2,686.81
	<u>24,478,658.96</u>					<u>(0.00)</u>
						<u>2,686.81</u>
Reserve for Uncollected Taxes Federal and State Grants Disbursements	\$ 1,523,129.00					
	263,480.67					
	21,449,872.76					
	<u>23,256,482.43</u>					
				Cancelled Overexpended		\$ 2,686.81

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

EXHIBIT B - TRUST FUND

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<u>Animal Control Fund</u>		
Cash	\$ 451.95	353.76
	<u>451.95</u>	<u>353.76</u>
 <u>Other Funds</u>		
Cash - Treasurer	512,615.33	478,098.06
Due from Municipal Court	-	26.00
	<u>512,615.33</u>	<u>478,124.06</u>
	<u>\$ 513,067.28</u>	<u>478,477.82</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	2013	2012
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 280.00	211.50
Interfunds:		
Due to Current Fund	171.95	142.26
	451.95	353.76
 <u>Other Funds</u>		
Reserve for:		
Payroll Deductions Payable	38,086.38	52,567.54
Due to Water and Sewer Operating Fund	-	1,213.00
Due to Current Fund	9,817.33	1,711.75
Reserve for Unemployment Compensation	5,208.99	26,789.24
Reserve for Parking Offenses Adjud. Act	2,945.05	2,705.05
Reserve for Small Cities Grant	44,270.50	44,270.50
Reserve for Planning Board Escrow	242,126.26	217,798.73
Reserve for Law Enforcement Trust Fund	3,158.15	3,156.51
Reserve for Accumulated Absences	146,051.92	105,935.86
Reserve for Dedicated Fire Penalties	17,795.10	21,020.23
Reserve for Tax Title Lien Redemption	3,155.65	955.65
	512,615.33	478,124.06
	\$ 513,067.28	478,477.82

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

EXHIBIT C - CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 1,688,036.35	-
Deferred Charges to Future Taxation -		
Funded	22,807,732.97	25,715,358.32
Unfunded	10,906,980.00	4,742,750.00
	<u>35,402,749.32</u>	<u>30,458,108.32</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Due to Current Fund	-	2,799,381.79
Due to Water & Sewer Capital Fund	1,420,277.68	-
Serial Bonds Payable	21,775,000.00	24,540,000.00
NJEIT Loan Payable	1,032,732.97	1,175,358.32
Bond Anticipation Notes Payable	3,820,000.00	-
Improvement Authorizations:		
Funded	197,454.30	102,058.49
Unfunded	2,431,564.52	729,458.35
Reserve for Encumbrances	4,529,391.69	415,053.21
Reserve for Beach Replenishment	-	34,086.38
Reserve for Payment of BAN's	106,254.91	226,254.91
Capital Improvement Fund	7,690.80	123,160.80
Fund Balance	82,382.45	313,296.07
	<u>\$ 35,402,749.32</u>	<u>30,458,108.32</u>

There were bonds and notes authorized but not issued at December 31

2012	4,742,750.00
2013	7,086,980.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
Beginning Balance January 1	\$ 313,296.07	149,374.69
Increased by:		
Funded Improvement Authorizations Canceled	<u>-</u>	<u>163,921.38</u>
	313,296.07	313,296.07
Decreased by:		
Appropriation to Finance Improvement Authorizations	<u>230,913.62</u>	<u>-</u>
Ending Balance December 31	<u>\$ 82,382.45</u>	<u>313,296.07</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

EXHIBIT D - WATER AND SEWER UTILITY FUND

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 316,995.59	613,578.83
Due from Trusts -Other	-	1,213.00
Due from Water and Sewer Capital Fund	266,577.81	105,985.42
	583,573.40	720,777.25
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	133,913.09	59,006.01
Due from PNC Bank	2,687.29	-
Due from Middlesex Water Company	3,177.88	3,771.02
	139,778.26	62,777.03
Deferred Charges:		
Operating Deficit	10,881.58	12,254.35
	10,881.58	12,254.35
Total Operating Fund	734,233.24	795,808.63
Capital Fund:		
Cash - Treasurer	-	-
Fixed Capital	32,040,205.49	31,797,662.39
Fixed Capital - Authorized and Uncompleted	9,027,400.00	7,965,900.00
Due from General Capital Fund	1,420,277.68	-
Due from County - CAFR Permit	2,631.81	2,631.81
Total Capital Fund	42,490,514.98	39,766,194.20
	\$ 43,224,748.22	40,562,002.83

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 45,691.95	257,411.94
Reserve for Encumbrances/Accounts Payable	205,402.39	333,235.13
Prepaid Rents	47,503.59	26,292.98
Bid Bond Payable	36,000.00	36,000.00
Accrued Interest on Bonds and Notes	57,316.58	51,156.58
Interfunds:		
Due to Current Fund	196,543.45	22,937.95
	588,457.96	727,034.58
Reserve for Receivables	139,778.26	62,777.03
Fund Balance	5,997.02	5,997.02
Total Operating Fund	734,233.24	795,808.63
Capital Fund:		
Encumbrances Payable	242,131.29	384,003.24
Accounts Payable	12,156.65	12,156.65
Interfunds:		
Water and Sewer Operating Fund	266,577.81	105,985.42
Serial Bonds Payable	2,962,000.00	3,577,000.00
N.J. Environmental Infrastructure Trust Loans	952,196.40	1,021,962.75
Bond Anticipation Notes Payable	2,100,000.00	-
Improvement Authorizations:		
Funded	305,812.57	557,380.54
Unfunded	2,002,629.38	1,388,004.17
Reserve for Amortization	33,044,789.09	32,117,479.64
Deferred Reserve for Amortization	359,475.00	306,400.00
Capital Improvement Fund	-	32,000.00
Downpayment on Improvements	78,525.00	99,600.00
Fund Balance	164,221.79	164,221.79
Total Capital Fund	42,490,514.98	39,766,194.20
	\$ 43,224,748.22	40,562,002.83

There were bonds and notes authorized but not issued at December 31

2012	2,740,720.00
2013	1,649,145.00

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>2013</u>	<u>2012</u>
Revenue and Other Income Realized		
Fund Balance	\$ -	1,361.00
Rents	5,088,920.07	5,162,159.22
Miscellaneous Revenue	411,724.88	413,116.69
Non-Budget Revenue	36,586.95	-
Water and Sewer Capital Fund Balance	-	21,000.00
Other Credits to Income:		
Cancel Accounts Payable	73,715.20	74,826.48
Total Income	<u>5,610,947.10</u>	<u>5,672,463.39</u>
Expenditures		
Operations		
Salaries and Wages	192,788.00	189,000.00
Other Expenses	4,416,250.00	4,369,151.00
Capital Improvements	249,619.52	300,000.00
Debt Service	872,709.16	1,082,116.74
Deferred Charges	14,750.00	14,450.00
Deficits in Operations of Prior Years	12,254.35	-
Total Expenditures	<u>5,758,371.03</u>	<u>5,954,717.74</u>
Excess/(Deficit) in Revenue	<u>(147,423.93)</u>	<u>(282,254.35)</u>
Adjustments to Income before Fund Balance:		
Realized from General Budget for		
Anticipated Deficit	136,542.35	270,000.00
Operating Deficit to be Raised		
in Budget of Succeeding Year	<u>10,881.58</u>	<u>12,254.35</u>
Fund Balance January 1	<u>5,997.02</u>	<u>7,358.02</u>
	5,997.02	7,358.02
Decreased by:		
Utilization as Anticipated Revenue	<u>-</u>	<u>1,361.00</u>
Fund Balance December 31	<u>\$ 5,997.02</u>	<u>5,997.02</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2013	2012
Beginning Balance January 1	\$ 164,221.79	185,221.79
Increased by:		
No Activity	-	-
	-	-
	164,221.79	185,221.79
Decreased by:		
Paid to Operating Fund as Anticipated Revenue	-	21,000.00
	-	21,000.00
Ending Balance December 31	\$ 164,221.79	164,221.79

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Anticipated Budget	Realized	Excess or (Deficit)
Rents	\$ 5,213,000.00	5,088,920.07	(124,079.93)
Miscellaneous	410,000.00	411,724.88	1,724.88
Deficit (General Budget)	136,542.35	136,542.35	-
	<u>\$ 5,759,542.35</u>	<u>5,637,187.30</u>	<u>(122,355.05)</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Rents

Accounts Receivable	5,062,627.09
Prepayments/Overpayments Applied	26,292.98

5,088,920.07

Miscellaneous

Water Installation	68,200.52
Sewer Installation	27,269.25
Water Application Fees	4,100.00
Sewer Connection Fees	7,500.00
Miscellaneous	3,077.24
Cell Tower Rents	283,510.56
Penalties	137.60
Administration Fee	2,100.00
Prior Year Refund	6,310.25

Total Miscellaneous - Collector	402,205.42
Interest on Investments	9,519.46

411,724.88

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 192,788.00	192,788.00	181,485.13		11,302.87	
Other Expenses	4,433,750.00	4,416,250.00	4,184,482.95	198,325.97	33,441.08	
	<u>4,626,538.00</u>	<u>4,609,038.00</u>	<u>4,365,968.08</u>	<u>198,325.97</u>	<u>44,743.95</u>	<u>-</u>
Capital Improvements:						
Capital Outlay	250,000.00	250,000.00	242,543.10	7,076.42		380.48
	<u>250,000.00</u>	<u>250,000.00</u>	<u>242,543.10</u>	<u>7,076.42</u>	<u>-</u>	<u>380.48</u>
Debt Service:						
Payment of Bond Principal	685,000.00	685,000.00	684,766.35			233.65
Interest on Bonds	171,000.00	171,000.00	170,442.81			557.19
Interest on Notes		17,500.00	17,500.00			
	<u>856,000.00</u>	<u>873,500.00</u>	<u>872,709.16</u>	<u>-</u>	<u>-</u>	<u>790.84</u>
Deferred Charges and Statutory Expenditures:						
Social Security System	14,750.00	14,750.00	13,802.00		948.00	
	<u>14,750.00</u>	<u>14,750.00</u>	<u>13,802.00</u>	<u>-</u>	<u>948.00</u>	<u>-</u>
Deficits in Operations in Prior Years	12,254.35	12,254.35	12,254.35			
	<u>5,759,542.35</u>	<u>5,759,542.35</u>	<u>5,507,276.69</u>	<u>205,402.39</u>	<u>45,691.95</u>	<u>1,171.32</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

EXHIBIT E- BEACH UTILITY FUND

**BEACH UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>ASSETS</u>		
Operating Fund:		
Cash	\$ 324,690.31	162,076.24
Due from Current Fund	-	11,420.82
	324,690.31	173,497.06
Total Operating Fund	324,690.31	173,497.06
Capital Fund:		
Cash	2,250.00	2,250.00
Fixed Capital - Completed	510,411.94	510,411.94
Total Capital Fund	512,661.94	512,661.94
	\$ 837,352.25	686,159.00

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**BEACH UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2013	2012
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 79,123.04	91,179.95
Encumbrances Payable	45,335.40	49,896.29
Accounts Payable	16,922.82	16,922.82
Prepaid Beach Fees	25,200.00	15,498.00
Due to Current Fund	158,109.05	-
	324,690.31	173,497.06
Fund Balance	-	-
Total Operating Fund	324,690.31	173,497.06
Capital Fund:		
Reserve for Amortization	510,411.94	510,411.94
Capital Improvement Fund	2,250.00	2,250.00
Total Capital Fund	512,661.94	512,661.94
	\$ 837,352.25	686,159.00

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

BEACH UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Revenue and Other Income Realized		
Beach Fees	\$ 1,186,054.00	1,219,520.00
Fees and Permits	10,200.00	8,880.00
Other Credits to Income:		
Miscellaneous Revenue not Anticipated	642.69	276.43
Total Income	1,196,896.69	1,228,676.43
Expenditures		
Operations:		
Salaries and Wages	1,023,587.64	1,003,517.29
Other Expenses	289,180.00	283,230.00
Deferred Charges and Statutory Expenditures	93,300.00	94,197.00
Total Expenditures	1,406,067.64	1,380,944.29
Excess/(Deficit) in Revenue	(209,170.95)	(152,267.86)
Adjustments to Income before Fund Balance:		
Realized from General Budget for		
Anticipated Deficit in Revenue	209,170.95	152,267.86
Total Adjustments	209,170.95	152,267.86
Excess in Operations	-	-
Fund Balance January 1	-	-
Decreased by:		
Utilization as Anticipated Revenue	-	-
Fund Balance December 31	\$ -	-

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**BEACH UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Anticipated Revenue:			
Beach Fees	\$ 1,175,000.00	1,186,054.00	11,054.00
Fees and Permits	8,900.00	10,200.00	1,300.00
Deficit (General Budget)	<u>222,167.64</u>	<u>209,170.95</u>	<u>(12,996.69)</u>
	<u>\$ 1,406,067.64</u>	<u>1,405,424.95</u>	<u>(642.69)</u>
Analysis of Realized Revenue:			
Beach Fees			
Collections	1,170,556.00		
Prepaid Beach Fees Applied	<u>15,498.00</u>		
Total Beach Fees		<u>1,186,054.00</u>	
Fees and Permits			
Beach Vehicle Permits		<u>10,200.00</u>	
Non-Budget Revenue:			
Miscellaneous	175.00		
Interest Earned	<u>467.69</u>		
Total Non-Budget Revenue		<u>642.69</u>	

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

**BEACH UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,023,587.64	1,023,587.64	981,084.47		42,503.17	
Other Expenses	289,180.00	289,180.00	213,928.59	45,335.40	29,916.01	
	<u>1,312,767.64</u>	<u>1,312,767.64</u>	<u>1,195,013.06</u>	<u>45,335.40</u>	<u>72,419.18</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:						
Unemployment	15,000.00	15,000.00	15,000.00			
Social Security System	78,300.00	78,300.00	71,596.14		6,703.86	
	<u>93,300.00</u>	<u>93,300.00</u>	<u>86,596.14</u>	<u>-</u>	<u>6,703.86</u>	<u>-</u>
	<u>\$ 1,406,067.64</u>	<u>1,406,067.64</u>	<u>1,281,609.20</u>	<u>45,335.40</u>	<u>79,123.04</u>	<u>-</u>
		Cash Disbursed	\$ 1,281,609.20			

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

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EXHIBIT F - GENERAL FIXED ASSETS ACCOUNT GROUP

**STATEMENT OF GENERAL FIXED ASSETS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Buildings	\$ 7,476,693.24	7,471,320.24
Land and Improvements	6,934,433.60	6,927,442.45
Machinery and Equipment	3,353,884.25	3,286,946.52
Vehicles & Watercraft	4,840,545.80	4,793,602.79
	<u>22,605,556.89</u>	<u>22,479,312.00</u>
 Investment in General Fixed Assets	 \$ <u>22,605,556.89</u>	 <u>22,479,312.00</u>

The Accompanying Notes to the Financial Statements Are An Integral Part of This Statement

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NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Avalon include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Avalon, as required by N.J.S. 40A:5-5. The Borough of Avalon is a seashore community located on the Atlantic Ocean in the County of Cape May, State of New Jersey. The population according to the 2010 census is 1,334. The Borough was incorporated in 1892 and operates under a Mayor and Council form of government. The mayor is the chief executive officer of the Borough and is elected by the voters.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

B. Description of Funds

The accounting policies of the Borough of Avalon conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 the respect to public funds. Under this method of accounting, the Borough of Avalon accounts for its financial transactions through the following separate funds:

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

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water and Sewer Utility Operating and Capital Funds

The Water and Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

Beach Utility Operating and Capital Funds

The Beach Utility Operating and Capital Funds account for the operations and acquisition of capital facilities related to the Borough's beaches.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

C. Basis of Accounting

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

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

No depreciation has been provided for in the financial statements.

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

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

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital account at cost, and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the utility fund.

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Avalon to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity does not operate a sewer utility fund. However, sewer rents are levied and collected in the Current Fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in quarterly installments on December 1, March 1, June 1 and September 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Borough of Avalon to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Trust.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statements.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2013 and 2012 statutory budgets included a reserve for uncollected taxes in the amount of \$1,523,129 and \$1,500,000. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2013 and 2012 statutory budgets was \$0 and \$2,246,771.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council.

The following significant budget transfers were approved in the 2013 and 2012 calendar years:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
<u>Current Fund:</u>		
Police		
Salaries and Wages	\$ (229,603)	
Legal		
Other Expenses	70,000	(100,000)
Employee Group Health		(60,900)
Garbage and Trash Removal		
Contractual	(79,000)	
Public Works		
Other Expenses		70,000
Electric, Natural Gas		(50,000)
Gasoline		50,000
Payment of Bond Principal		55,000

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2013 and 2012, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
NJ Transportation Trust Fund	\$ 175,000	-

The Borough may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year.

Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The entity did not have any approved emergency or special emergency appropriation in 2013 or 2012.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3: INVESTMENTS

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. The Borough did not have any investments as of year end.

Interest Rate Risk. The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the entity can invest in any one issuer.

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). 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 fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2013 and 2012, \$114,275 and \$191,726 respectively of the municipality's bank balance of \$12,318,098 and \$7,335,774 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2013 and 2012:

	Balance 12/31/2011	Additions	Retirements/ Adjustments	Balance 12/31/2012
Land and Improvements	\$ 6,927,442	-		6,927,442
Building and Improvements	7,466,480	4,840		7,471,320
Equipment and Machinery	3,176,323	110,624		3,286,947
Vehicles	3,565,251	1,228,352		4,793,603
	<u>\$ 21,135,496</u>	<u>1,343,816</u>	<u>-</u>	<u>22,479,312</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Balance 12/31/2012	Additions	Retirements	Balance 12/31/2013
Land and Improvements	\$ 6,927,442	6,991		6,934,433
Building and Improvements	7,471,320	5,373		7,476,693
Equipment and Machinery	3,286,947	101,263	(34,325)	3,353,885
Vehicles	4,793,603	196,806	(149,863)	4,840,546
	<u>\$ 22,479,312</u>	<u>310,433</u>	<u>(184,188)</u>	<u>22,605,557</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/11	Issued	Retired	Balance 12/31/12
Bond Anticipation Notes payable:				
General Capital	\$ -	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Balance 12/31/12	Issued	Retired	Balance 12/31/13
Bond Anticipation Notes payable:				
General Capital	\$ -	3,820,000	-	3,820,000
Utility Capital	-	2,100,000	-	2,100,000
	<u>\$ -</u>	<u>5,920,000</u>	<u>-</u>	<u>5,920,000</u>

The note was issued on 02/27/13 and is due and payable on 02/27/14 with interest at 1.00%. As of December 31, 2013, the entity has authorized but not issued bonds in the amount of \$7,086,980 in the General Capital Fund and \$1,649,145 in the Water and Sewer Utility Capital Fund.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Bonds payable:					
General Capital Fund	\$ 27,210,000	4,870,000	7,540,000	24,540,000	2,765,000
Utility Capital Fund	4,382,000		805,000	3,577,000	615,000
Total	<u>\$ 31,592,000</u>	<u>\$ 4,870,000</u>	<u>\$ 8,345,000</u>	<u>\$ 28,117,000</u>	<u>\$ 3,380,000</u>
Other liabilities:					
Loans Payable					
General Capital Fund	\$ 1,315,352		139,993	1,175,359	142,807
Utility Capital Fund	1,091,729		69,766	1,021,963	69,766
	<u>2,407,081</u>	<u>-</u>	<u>209,759</u>	<u>2,197,322</u>	<u>212,573</u>
Total long-term liabilities	<u>\$ 33,999,081</u>	<u>4,870,000</u>	<u>8,554,759</u>	<u>30,314,322</u>	<u>3,592,573</u>

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Bonds payable:					
General Capital Fund	\$ 24,540,000		2,765,000	21,775,000	2,775,000
Utility Capital Fund	3,577,000		615,000	2,962,000	390,000
Total	<u>\$ 28,117,000</u>	<u>-</u>	<u>3,380,000</u>	<u>24,737,000</u>	<u>3,165,000</u>
Other liabilities:					
Loans Payable:					
General Capital Fund	1,175,359		142,626	1,032,733	145,604
Utility Capital Fund	1,021,963		69,766	952,197	69,766
	<u>2,197,322</u>	<u>-</u>	<u>212,392</u>	<u>1,984,930</u>	<u>215,370</u>
Total long-term liabilities	<u>\$ 30,314,322</u>	<u>-</u>	<u>3,592,392</u>	<u>26,721,930</u>	<u>3,380,370</u>

Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:

At December 31, 2013, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$10,820,000 General Improvement Bonds dated November 1, 2004, due in annual installments through November 1, 2019, bearing interest at variable rates ranging from 3.25% to 4.00% per annum. The balance remaining as of December 31, 2013, is \$900,000.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

\$19,000,000 General Improvement Bonds dated May 15, 2008, due in annual installments through May 15, 2020, bearing interest at variable rates ranging from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2013, is \$15,400,000.

\$2,115,000 Refunding Bonds dated July 28, 2011, due in annual installments beginning on July 15, 2012 through July 15, 2014, bearing interest at variable rates ranging from 2.00% to 3.00% per annum. The purpose of this issue is to refund the remaining principal amount of \$2,100,000 of the General Bonds of 2001 and pay issuance costs. The balance remaining as of December 31, 2013, is \$680,000.

\$4,870,000 Refunding Bonds dated October 4, 2012, due in annual installments beginning on November 1, 2012 through November 1, 2019, bearing interest at variable rates ranging from 1.50% to 4.00% per annum. The purpose of this issue is to refund a portion of the principal amount of \$4,820,000 of the General Bonds of 2004 and pay issuance costs. The balance remaining as of December 31, 2013, is \$4,795,000.

\$149,950 Loan dated November 6, 2003 with New Jersey Green Acres Program for Park Improvements to 8th Street Recreation Area, due in semi-annual installments through May 6, 2023, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2012, is \$89,809.

\$587,800 Loan dated June 26, 2004 with New Jersey Green Acres Program for Beachfront Acquisition – Loan #1, due in semi-annual installments through June 26, 2024, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2013, is \$119,221.

\$348,797 Loan dated December 30, 2004 with New Jersey Green Acres Program for Beachfront Acquisition – Loan #2, due in semi-annual installments through June 30, 2024, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2013, is \$58,083.

\$150,000 Loan dated May 19, 2005 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part I, due in semi-annual installments through January 19, 2025, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015 which is callable on July 13, 2013. The balance remaining as of December 31, 2013, is \$95,401.

\$500,000 Loan dated November 3, 2007 with New Jersey Green Acres Program for 8th Street Recreation Refunding Issue – Part II, due in semi-annual installments through May 3, 2027, bearing interest at 2.00% per annum. This loan advance refunded principal due on the General Improvement Bonds of 2001 due on July 15, 2015 which is callable on July 15, 2013. The balance remaining as of December 31, 2013, is \$366,253.

\$400,000 Loan dated June 18, 2008 with New Jersey Green Acres Program for Multi-Park Improvements, due in semi-annual installments through June 18, 2028, bearing interest at 2.00% per annum. The balance remaining as of December 31, 2013, is \$311,734.

At December 31, 2013, bonds payable in the Water and Sewer Utility Fund consisted of the following individual issues:

\$2,282,000 Water and Sewer Utility Bonds dated July 15, 2003, due in annual installments through July 15, 2018, bearing interest at variable rates from 3.40% to 4.20% per annum. The balance remaining as of December 31, 2013, is \$882,000.

\$2,350,000 Water and Sewer Improvement Bonds dated May 15, 2008, due in annual installments through May 15, 2023, bearing interest at variable rates ranging from 3.00% to 5.00% per annum. The balance remaining as of December 31, 2013, is \$2,080,000.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

\$535,000 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2025, bearing interest at 5.00%. The balance remaining as of December 31, 2013 is \$475,000.00.

\$583,240 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2025, bearing no interest. The balance remaining at December 31, 2013 is \$477,196.

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

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2014	\$ 2,920,677.59	894,501.27	459,766.35	151,504.00
2015	2,393,605.71	777,673.12	614,766.35	128,734.00
2016	3,310,352.53	665,490.10	629,766.35	101,854.00
2017	3,476,565.62	522,777.01	584,766.35	75,404.00
2018	3,582,803.08	377,364.54	332,000.00	36,944.00
2019-2023	6,898,703.09	306,422.38	1,073,831.75	126,050.00
2024-2028	225,025.55	9,897.93	219,299.25	14,750.00
	<u>\$ 22,807,733.17</u>	<u>\$ 3,554,126.35</u>	<u>\$ 3,914,196.40</u>	<u>\$ 635,240.00</u>

As of December 31, 2013 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year. The total interest charged to the current budget was \$645,451.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Summary of Municipal Debt

	Year 2013	Year 2012	Year 2011
	<u> </u>	<u> </u>	<u> </u>
Issued:			
General:			
Bonds and Notes	\$ 25,595,000	24,540,000	27,210,000
Loans	1,032,733	1,175,358	1,315,352
Beach Utility:			
Bonds and Notes	-	-	-
Water/Sewer Utility:			
Bonds and Notes	5,062,000	3,577,000	4,382,000
Loans	952,196	1,021,963	1,091,729
Total Issued	<u>32,641,929</u>	<u>30,314,321</u>	<u>33,999,081</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General		226,255	476,255
Net Debt Issued	<u>32,641,929</u>	<u>30,088,066</u>	<u>33,522,826</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	7,086,980	4,742,750	3,707,750
Water/Sewer Utility:			
Bonds and Notes	1,649,145	2,740,720	1,975,360
Total Authorized But Not Issued	<u>8,736,125</u>	<u>7,483,470</u>	<u>5,683,110</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 41,378,054</u>	<u>37,571,536</u>	<u>39,205,936</u>

NOTE 2: LONG-TERM DEBT (Continued)

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 indicates a statutory net debt of 0.443%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 3,215,000	\$ 3,215,000	\$ -
Water & Sewer Utility Debt	7,663,341	7,381,487	281,854
General Debt	<u>33,714,713</u>	<u>-</u>	<u>33,714,713</u>
	<u>\$ 44,593,054</u>	<u>\$ 10,596,487</u>	<u>\$ 33,996,567</u>

Net debt \$33,996,567 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$7,680,715,640 = 0.443%.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

3-1/2% of Equalized Valuation Basis	\$	268,825,047	
Net Debt		<u>33,996,567</u>	
	\$	<u><u>234,828,480</u></u>	

The Borough of Avalon School District, as a K-8 school district, is permitted to borrow up to 3.0% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>	
Current Fund	\$ 2,837,359	0	
Water Sewer Utility	0	0	
Beach Utility	0	0	

NOTE 9: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Balance of Tax	\$ -	-
Deferred	-	-
Tax Payable	<u><u>-</u></u>	<u><u>-</u></u>

NOTE 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance 12/31/13</u>	<u>Balance 12/31/12</u>
Prepaid Taxes	\$ 1,102,832	1,091,870
Cash Liability for Taxes Collected in Advance	<u><u>\$ 1,102,832</u></u>	<u><u>1,091,870</u></u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.64% through June 30, 2013 and 6.78% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 11.3% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were \$430,343, \$437,371 and \$389,356.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2013, 2013, and 2011 were \$356,774, \$402,940, and \$427,365.

The total payroll for the year ended December 31, 2013, 2012 and 2011 was \$7,145,202, \$7,370,904 and \$7,580,028. Payroll covered by PFRS was \$1,460,650, \$1,493,279 and \$1,524,363. Payroll covered by PERS was \$4,043,333, \$3,986,929 and \$3,899,252.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 12: POST-RETIREMENT BENEFITS

Plan Description The Borough of Avalon contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment 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 State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/shbp.htm>

Plan Coverage The entity currently has 5 collective bargaining units as well as unaffiliated non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are as follows:

Policemen Benevolent Association Local 59 – Individuals below the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

Policemen Benevolent Association Local 59 (Superior Officers) – Individuals above the rank of Lieutenant who retire with at least 25 years of service in the Police and Fireman's Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement. Spousal benefits continue upon retiree's death.

All Other Bargaining Units and Non Affiliated Employees - Individuals who retired with at least 25 years of service or after attainment of age 62 and completion of 15 years of service in the Public Employees' Retirement System receive hospitalization, major medical, dental, prescription, vision and life insurance for the employee and spouse in effect at the time of retirement.

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

The Borough utilizes the New Jersey State Health Benefits Plan for Health Insurance, however, they also provide post-retirement benefits for vision, dental, and life insurance that are not included as a part of the State Health Benefits Plan. These benefits are budgeted by the Borough annually on a "pay as you go basis" and included in group insurance.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

In accordance with GASB 45 and the State of New Jersey, the Borough is required to obtain an actuarial valuation of the liability for providing these benefits. This is the second valuation and the actuary is using the entry age normal funding method. The actuarial valuation report was based on 113 total participants including 40 retirees. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events that fare into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2013 Actuarial Valuation Report, the projected unit credit method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 5.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level dollar amount.

Other Post-employment Benefit Costs and Obligations

The Annual Required Contribution (ARC) for the year ending December 31, 2013 was projected as follows:

	December 31, 2013
Normal Cost	\$ 403,679
Amortization of Unfunded Liability	540,055
Interest	20,184
Total ARC	<u>\$ 963,918</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

The following reflects the components of the 2013 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2013 actuarial valuation and actual OPEB payments made or accrued during 2013:

	December 31, 2013
Net OPEB Obligation - Beginning of Year	\$ 3,089,721
Annual OPEB Cost	968,857
OPEB Payments	(684,171)
Increase in Net OPEB Obligation	284,686
Net OPEB Obligation - End of Year	\$ 3,374,407
Percentage of OPEB Cost Contributed	70.62%

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2010 years were as follows (note: an update is required every two years, therefore there was not information for 2011):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 1,081,969	28.88%	\$ 1,481,866
12/31/2012	1,199,757	30.97%	3,089,721
12/31/2013	968,857	70.62%	3,374,407

Required Supplementary Information:

	December 31, 2013
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	18,516,355
Total Unfunded AAL (UAAL)	\$ 18,516,355
Funded ratio	0.00%

NOTE 13: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off, or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2013, the Borough estimates this liability to approximate \$1,496,278 based on 2013 pay rates and compensated absence balances. The Borough has \$146,052 reserved at December 31st to partially fund this liability.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14: CONTINGENT LIABILITIES

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

NOTE 15: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2013 and 2012 the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

Calendar Year	Borough Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2013	15,000.00	12,740.77	5.57	49,326.59	5,208.99
2012	17,340.00	27,206.35	13.39	37,715.86	26,789.24
2011	17,000.00	-	57.40	43,391.69	19,945.36

NOTE 16: DEFERRED COMPENSATION

Employees of the Borough of Avalon may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the entity has an obligation of due care in selecting the third party administrator.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 17: INTERFUND BALANCES

As of December 31, 2013, the following interfunds were included on the balance sheets of the various funds of the Borough of Avalon and are expected to be returned within one year:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 171.95	
Water & Sewer Operating Fund	196,543.45	
Beach Utility Fund	158,109.05	
Other Trust Fund	9,817.33	
Trust Fund:		
Current - Animal Control Fund		171.95
Current - Other Trust Fund		9,817.33
General Capital Fund:		
Water & Sewer Capital Fund		1,420,277.68
Water & Sewer Operating Fund		
Water & Sewer Capital Fund	266,577.81	
Current Fund		196,543.45
Water & Sewer Capital Fund		
General Capital Fund:	1,420,277.68	
Water & Sewer Operating Fund		266,577.81
Beach Utility Fund		
Current Fund		158,109.05
	\$ 2,051,497.27	2,051,497.27

The amounts due to the Current fund from the Animal Control fund, General Capital fund and the Other Trust fund are due to interest and other cash activity not transferred by year end.

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through September 12, 2014, the date which the financial statements were available to be issued and identified the following requiring disclosure:

The Borough adopted five ordinances for various improvements in the general capital authorizing additional debt in 2014 totaling \$2,573,000, and adopted one ordinance for various improvements in the water and sewer capital fund authorizing debt of \$701,100.

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SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Avalon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account groups as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated September 12, 2014, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's 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 financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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. 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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*.

Purpose of this Report

The 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.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

September 12, 2014

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unmodified Opinion issued on the Financial Statements – Regulatory Basis of Accounting dated September 12, 2014.**

Internal control over financial reporting:

- | | |
|---------------------------------------|-----------|
| 1) Material Weakness identified? | NO |
| 2) Significant Deficiency identified? | NO |

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report, if any. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

None needed

STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings or questioned costs.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Regular Fund	Grant Fund
Balance December 31, 2012	\$	6,245,983.64	29,639.96
Increased by Receipts:			
Taxes Receivable		37,268,932.97	
Miscellaneous Revenue Not Anticipated		674,985.59	
Revenue Accounts Receivable		5,101,995.44	
Prepaid Taxes		1,102,831.58	
Tax Overpayments		3,836.34	
Prepaid Licenses and Fees		203,100.00	
Due from Avalon Library		713,651.60	
Due from State - Senior and Veterans		32,000.00	
State Training Fees for New Construction		25,467.00	
State Fee for Marriage Licenses		1,675.00	
Sales Tax		199.15	
Rental License Bond		5,000.00	
Reserve for Benches - Downtown		15,300.00	
Reserve for Animal Protection Fund		2,348.83	
Reserve for 911 Memorial Maintenance		13,757.35	
Prior Refunds		12,996.69	
Due from Current Fund			7,679.50
Due from General Capital Fund		45,404.67	
Federal and State Grant Receivables			7,345.76
Federal and State Grants Unappropriated			76,366.04
		45,223,482.21	91,391.30
		51,469,465.85	121,031.26
Decreased by Disbursements:			
Current Year Appropriation		21,449,872.76	
Prior Year Appropriations		713,078.15	
Accounts Payable		13,728.61	
County Taxes		16,534,546.21	
Due County - Added Taxes		42,012.92	
Local District School Taxes		3,078,694.00	
Due from Avalon Library		714,799.48	
Due to State:			
State Training Fees for New Construction		22,692.00	
State Fee for Marriage Licenses		1,475.00	
Sales Tax		169.33	
Rental License Bond		1,500.00	
Reserve for Animal Protection Fund		950.23	
Reserve for 911 Memorial Maintenance		534.24	
Due from Trust Other Fund		8,105.58	
Due from Beach Utility Operating Fund		169,529.87	
Due from Water Sewer Operating Fund		112,390.00	
Due to Federal and State Grant Fund		7,679.50	
Federal and State Disbursements			121,031.26
		42,871,757.88	121,031.26
Balance December 31, 2013	\$	8,597,707.97	-

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2012		\$	-
Increased by Receipts:			
Prepaid Taxes	\$		1,102,831.58
Taxes Receivable			37,268,932.97
Revenue Accounts Receivable			135,597.32
Tax Overpayments			3,836.34
			38,511,198.21
			38,511,198.21
Payments to Treasurer			38,511,198.21
Balance December 31, 2013		\$	-

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

Year	Balance Dec. 31, 2012	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2013
				2012	2013			
Arrears \$								
2011	1,262.71				1,099.61	163.10		0.00
2012	494,514.13			495,264.13	(750.00)			-
	495,776.84			-	496,363.74	(586.90)		0.00
2013		38,234,319.01	137,083.82	1,091,869.60	36,808,069.23	30,096.48		441,367.52
\$	495,776.84	38,234,319.01	137,083.82	1,091,869.60	37,304,432.97	29,509.58		441,367.52

Cash Receipts
Senior Citizens and Veterans
37,304,432.97

Analysis of Current Year Tax Levy

Tax Yield:
General Property Tax 38,234,319.01
Added Taxes (54.4-63.1 et. Seq.) 137,083.82
38,371,402.83

Tax Levy:
General County Taxes 15,763,118.69
County Open Space Taxes 771,427.52
County Added and Omitted Taxes 59,416.89
Total County Taxes 16,593,963.10
Local School District Tax 3,078,694.00
Local Tax for Municipal Purposes 18,452,655.11
Add: Additional Tax Levied 246,090.62
18,698,745.73
38,371,402.83

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2012		\$	14,703.16
Increased by:			
No Activity in 2013	\$	-	-
			14,703.16
Decreased by:			
No Activity in 2013		-	-
			-
Balance December 31, 2013		\$	14,703.16

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Other Expenses	\$				
Business Administration	323.77	323.77	251.53	72.24	-
Council	15,760.57	15,760.57	15,696.36	64.21	-
Office of the Mayor	26,165.36	26,165.36	25,953.90	211.46	-
Borough Clerk's Office	104.46	104.46	104.46	0.00	-
Treasurer's Office	2,182.87	2,182.87	2,182.87	-	-
Municipal Court	18,395.28	18,395.28	289.76	18,105.52	-
Revenue Administration (Tax Collector)	1,622.92	1,622.92	1,430.85	192.07	-
Tax Assessment Administration	356.35	356.35	236.86	119.49	-
Legal Services	11,063.81	11,063.81	9,452.06	1,611.75	-
Engineering Services and Costs	13,873.50	13,873.50	13,873.50	-	-
Planning and Zoning	9,142.14	9,142.14	8,614.18	527.96	-
Worker & Community Right to Know	10,095.94	10,095.94	6,261.84	3,834.10	-
Employee Group Insurance	300,426.42	300,426.42	174,128.60	126,297.82	-
Licensing	604.24	604.24	600.00	4.24	-
Construction Code Official	3,890.24	3,890.24	3,381.51	508.73	-
Fire	19,336.77	19,336.77	18,649.53	687.24	-
Police	15,720.85	15,720.85	12,094.62	3,626.23	-
Rescue Squad	10,794.87	10,794.87	10,652.69	142.18	-
Uniform Fire Code Official	5,166.52	5,166.52	500.00	4,666.52	-
Landscape/Law Care	81,350.30	81,350.30	4,260.00	77,090.30	-
Public Works	84,379.78	84,379.78	83,475.04	904.74	-
Sanitary Landfill Closure Act	24,885.60	24,885.60	23,730.03	1,155.57	-
Vehicle Maintenance	4,268.73	4,268.73	4,110.69	158.04	-
Animal Control	9,034.00	9,034.00	690.00	8,344.00	-
Recreation	19,494.12	19,494.12	17,038.98	2,455.14	-
Electric, Natural Gas	79,947.29	79,947.29	76,958.78	2,988.51	-
Telephone	24,393.86	24,393.86	7,779.06	16,614.80	-
Gasoline	17,109.40	17,109.40	4,814.26	12,295.14	-
Contingent	18,763.42	18,763.42	17,000.00	1,763.42	-
Social Security	24,183.41	24,183.41	3.73	24,179.68	-
Road Reconstruction	152,582.97	152,582.97	76,825.00	75,757.97	-
Acquisition of Playground Equipment	150,176.64	150,176.64	128,308.92	21,867.72	-
Acquisition of Generator	20,000.00	20,000.00	20,000.00	-	-
All Other Accounts - No Change	297,931.07	297,931.07		297,931.07	
	<u>\$ 1,473,527.47</u>	<u>1,473,527.47</u>	<u>769,349.61</u>	<u>704,177.86</u>	<u>-</u>
Cash Disbursements			\$ 713,078.15		
Transfer to Accounts Payable			56,271.46		
			<u>\$ 769,349.61</u>		

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	Balance Dec. 31, 2012	Transferred To 2013 Appropriations	Received	Balance Dec. 31, 2013
FEDERAL GRANTS:				
COPS in Shops - 2010	\$ 30.96	30.96		-
Body Armor Replacement Fund - 2012	2,338.88	2,338.88		-
Body Armor Replacement Fund - 2013			2,897.47	2,897.47
Emergency Management Grant - 2012	5,000.00	5,000.00		-
Emergency Management Grant - 2013			5,000.00	5,000.00
Total Federal	<u>7,369.84</u>	<u>7,369.84</u>	<u>7,897.47</u>	<u>7,897.47</u>
STATE GRANTS:				
Drunk Driving Enforcement Fund 2013			11,153.41	11,153.41
Clean Communities 2013	-		23,119.53	23,119.53
Clean Communities 2012	19,691.60	19,691.60		-
Recycling Tonnage 2013	-		12,221.55	12,221.55
Recycling Tonnage 2012	7,842.78	7,842.78		-
Alcohol Education & Rehabilitation 2013	1,241.15	1,241.15	1,952.66	1,952.66
Alcohol Education & Rehabilitation 2012				-
Total State	<u>28,775.53</u>	<u>28,775.53</u>	<u>48,447.15</u>	<u>48,447.15</u>
LOCAL GRANTS:				
CMCMUA Recycling Grant - 2012	66,485.30	66,485.30		-
CMCMUA Recycling Grant - 2013			17,620.16	17,620.16
Recreation Grant - McElhatton	50.00	50.00	2,401.26	2,401.26
Total	<u>66,535.30</u>	<u>66,535.30</u>	<u>20,021.42</u>	<u>20,021.42</u>
Total	<u>\$ 102,680.67</u>	<u>102,680.67</u>	<u>76,366.04</u>	<u>76,366.04</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2012	Transferred From 2013 Revenues	Received	Cancellation Adjustments	Balance Dec. 31, 2013
FEDERAL GRANTS:					
Police Body Armor Grant - 2011		2,338.88	2,338.88		-
COPS in Shops - 2013	-	1,400.00	1,400.00		-
COPS in Shops - 2012	11.24	30.96	30.96	11.24	-
Drive Sober or Get Pulled over - 2012	4,400.00	4,400.00	5,945.76	2,854.24	-
Emergency Management		5,000.00	5,000.00		-
Total Federal	4,411.24	13,169.84	14,715.60	2,865.48	-
STATE GRANTS:					
Transportation Trust Fund:					
Dune Drive - 2009	2,856.04				2,856.04
28th Street - 2010	17,351.56			-	17,351.56
34th Street - 2011	195,000.00				195,000.00
8th Street - 2013		175,000.00			175,000.00
Recycling Tonnage Grant - 2012		7,842.78	7,842.78		-
Clean Communities Program - 2012		19,691.60	19,691.60		-
Municipal Court Alcohol Grant - 2012		1,241.15	1,241.15		-
Other:					
CMCMUA Recycling Grant - 2012		66,485.30	66,485.30		-
Recreation Grant - McElhatton		50.00	50.00		-
Total State	215,207.60	270,310.83	95,310.83	-	390,207.60
\$	219,618.84	283,480.67	110,026.43	2,865.48	390,207.60

Cash Receipts	\$ 7,345.76
Unappropriated Reserves	102,680.67
	<u>110,026.43</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2012		2013		Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2013
	Appropriated	Reserve for Encumbrances	Appropriations	Appropriations				
FEDERAL GRANTS:								
Police Bike Patrol Grant - 2006	1,470.34				1,308.37			161.97
Police Bike Patrol Grant - 2007	2,000.00							2,000.00
Police Bike Patrol Grant - 2008	2,000.00							2,000.00
Police Bike Patrol Grant - 2009	2,000.00							2,000.00
Police Body Armor Replacement Fund - 2011	1,509.36		2,338.88		1,508.00		2,854.24	2,340.24
Drive Sober or Get Pulled over - 2012	330.13		4,400.00		1,875.89			-
COPS in Shops - 2011	156.79		30.96		176.51		11.24	-
COPS in Shops - 2013			1,400.00		1,400.00			-
Emergency Management			5,000.00		5,000.00			-
Total Federal	9,466.62	-	13,169.84		11,268.77		2,865.48	8,502.21
STATE GRANTS:								
Clean Communities Program - 2012				19,691.60	16,068.96	347.00		3,275.64
Clean Communities Program - 2011	3,280.84				3,280.84			-
Green Communities		675.91				675.91		-
Drunk Driving Enforcement Fund - 2010	3,583.39				3,194.50			388.89
Drunk Driving Enforcement Fund - 2011	3,612.53							3,612.53
Recycling Tonnage Grant - 2012				7,842.78				7,842.78
Municipal Court Alcohol Grant - 2012				1,241.15	240.67			1,000.48
Municipal Court Alcohol Grant - 2011	229.33				229.33			(0.00)
NJ Transportation Trust Fund Auth Act:								
Dune Drive - 2009								11,030.71
28th Street - 2010	11,030.71							13,500.00
34th Street - 2011	13,500.00							29,852.69
8th Street - 2013	29,852.69							-
Municipal Stormwater Regulation	6,822.00			175,000.00		175,000.00		6,822.00
Total State	71,911.49	675.91	203,775.53		23,014.30	176,022.91	-	77,325.72
LOCAL GRANTS:								
CMCMUA Recycling Grant - 2009	1,500.00				1,681.64			1,500.00
CMCMUA Recycling Grant - 2011	12,761.62				66,485.30			11,079.98
CMCMUA Recycling Grant - 2012			66,485.30		1,181.25			-
Recreation Grant - McElhatton	13,187.19		50.00		16,075.30			12,055.94
Comcast Technology Grant - 2008	16,075.30				1,324.70			-
Comcast Technology Grant - 2009	20,000.00					4,200.00		14,475.30
Kenelm Foundation - Senior Center	1,000.00							1,000.00
Total Local	64,524.11	-	66,535.30		86,748.19	4,200.00	-	40,111.22
\$	145,902.22	675.91	283,480.67		121,031.26	180,222.91	2,865.48	125,939.15

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2012		\$	353.76
Increased By Receipts:			
Dog Licenses Fees	\$	91.00	
Cat Licenses		7.00	
State License Fees		37.20	
Interest Earned on Investments		0.19	
		<hr/>	135.39
			<hr/>
			489.15
Decreased By Disbursements:			
Due to State of New Jersey		37.20	
		<hr/>	
			<hr/>
			37.20
Balance December 31, 2013		\$	<u><u>451.95</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2012 - Treasurer		\$	478,098.06
Increased By Receipts:			
Due to Current Fund	\$	9,817.33	
Due from Municipal Court		26.00	
Payroll Deductions Payable		8,332,520.47	
Reserve for Unemployment Compensation		27,746.34	
Reserve for Parking Offenses Adjud. Act		240.00	
Reserve for Planning Board Escrow		199,054.71	
Reserve for Law Enforcement Trust Fund		1.64	
Reserve for Accumulated Absences		150,000.00	
Reserve for Dedicated Fire Penalties		8,507.51	
Reserve for Tax Title Lien Redemption		81,387.10	
			8,809,301.10
			9,287,399.16
Decreased By Disbursements:			
Payroll Deductions Payable		8,347,001.63	
Due to Water and Sewer Operating Fund		1,213.00	
Due to Current Fund		1,711.75	
Reserve for Unemployment Compensation		49,326.59	
Reserve for Planning Board Escrow		174,727.18	
Reserve for Accumulated Absences		109,883.94	
Reserve for Dedicated Fire Penalties		11,732.64	
Reserve for Tax Title Lien Redemption		79,187.10	
			8,774,783.83
Balance December 31, 2013		\$	512,615.33

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2012	\$	211.50
Increased By:		
Dog Licenses Fees Collected	\$	91.00
Other		7.00
Interest Earned on Investments		0.19
		98.19
		309.69
Decreased By Disbursements:		
Statutory Excess Due to Current Fund		29.69
		29.69
Balance December 31, 2013		280.00

License Fees Collected	<u>Year</u>	
	2011	\$ 126.00
	2012	154.00
		280.00
		280.00

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2012	\$	142.26
Increased By:		
Statutory Excess in Reserves for Expenditures	\$	29.69
		29.69
		171.95
Decreased By:		
None		-
		-
Balance December 31, 2013		171.95

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2012	\$	-
Increased By:		
Collected in 2013	\$	37.20
		37.20
		37.20
Decreased By:		
Paid to State of New Jersey		37.20
		37.20
Balance December 31, 2013		-

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION

Balance December 31, 2012		\$	26,789.24
Increased By:			
Employee Withholdings	\$	12,740.77	
Interest Earned on Deposits		5.57	
Budget Appropriations:			
Beach Utility Fund		<u>15,000.00</u>	
			<u>27,746.34</u>
			54,535.58
Decreased By:			
Unemployment Compensation Payments		<u>49,326.59</u>	
			<u>49,326.59</u>
Balance December 31, 2013			<u><u>5,208.99</u></u>

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Reserve</u>	<u>Increased by</u>		<u>Decreased by</u>		Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Receipts	Other	Disbursements	
Payroll Deductions Payable	\$ 52,567.54	8,332,520.47		8,347,001.63	38,086.38
Reserve for Parking Offenses Adjudication Act	2,705.05	240.00			2,945.05
Reserve for Small Cities Grant	44,270.50				44,270.50
Reserve for Planning Board Escrow	217,798.73	199,054.71		174,727.18	242,126.26
Reserve for Law Enforcement Trust Fund	3,156.51	1.64			3,158.15
Reserve for Accumulated Absences	105,935.86	150,000.00		109,883.94	146,051.92
Reserve for Dedicated Fire Penalties	21,020.23	8,507.51		11,732.64	17,795.10
Reserve for Tax Title Lien Redemption	955.65	81,387.10		79,187.10	3,155.65
	<u>\$ 448,410.07</u>	<u>8,771,711.43</u>	<u>-</u>	<u>8,722,532.49</u>	<u>497,589.01</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2012	\$	-
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	550,000.00	
Deferred Charges - Unfunded	225,000.00	
Bond Anticipation Notes	3,820,000.00	
Due to Water & Sewer Capital Fund	1,420,277.68	
	6,015,277.68	6,015,277.68
Decreased by:		
Improvement Authorizations	1,407,859.54	
Anticipated as a Revenue in 2013 Budget;		
Reserve for Payment of Bonds	120,000.00	
Due to Current Fund	2,799,381.79	
	4,327,241.33	4,327,241.33
Balance December 31, 2013	\$	1,688,036.35

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance	
	Dec. 31, 2012		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2013	
\$	313,296.07		550,000.00				230,913.62		82,382.45	
Capital Improvement Fund	123,160.80						665,470.00		7,690.80	
Contracts Payable	415,053.21						415,053.21	4,529,391.69	4,529,391.69	
Reserve for Payment of Bonds	226,254.91								106,254.91	
Reserve for Beach Replenishment	34,086.38						34,086.38		-	
Due to Water and Sewer Capital Fund		1,420,277.68							1,420,277.68	
Due to Current Fund	2,799,381.79								-	
										2,799,381.79
Improvement Authorizations:										
483-00 Jetty Extension Project-8th Street	2.00									2.00
545-05 Various Improvements	45,317.59				18,650.00		3,041.40	17,800.00	41,426.19	
570-06 Various Improvements										
A. Various Road Improvements					9,557.80			8,000.00		
C. Bulkhead Reconstruction	1,557.80				29,184.13					
583-07 Beach Restoration	29,184.13				131,513.89			131,513.89		
586-07 Improvements to Public Buildings	-				1,880.85			1,441.11		
592-08 Road Improvements	439.74				870.91			10.92		
597-08 Various Improvements	859.99									
A. Improve Borough Buildings	(146,820.33)			153,000.00	2,453.07		3,726.60		0.00	
B. Improve Amacost Park	(12,736.23)			13,500.00	763.77				0.00	
C. Improve O'Brien Park	(13,500.00)			13,500.00						
D. Install Fire Alarm-Public Works	2,000.00			18,000.00						
E. Improve Sport Fishing Pier	2,000.00			18,000.00					20,000.00	
F. Improvements to Senior Center	(18,000.00)			18,000.00						
G. Carpet in Borough Hall	(49,205.55)			54,000.00	4,794.45				(0.00)	
H. Acquire Beach Rake Tractor	(36,000.00)			36,000.00						
I. Installation of Radar Stations	(13,500.00)			13,500.00						
J. Boardwalk Repairs	(89,875.66)			90,000.00	124.34					
601-08 Various Improvements:										
B. HVAC Replacement Community Hall	(112,500.00)			112,500.00						
612-09 Beachfill Project	-									
619-09 Various Improvements to Buildings					14,200.00		6,792.29	3,751.31	3,751.31	
623-10 Beachfill Project	(1,272,922.35)			1,300,000.00			7,759.55	20,992.29	27,077.65	
633-10 Beach & Waterway Improvements	20,697.24				47,473.44		42,901.34	86,133.56	16,456.02	
644-11 Acquire Fire Truck and Equipment										
A. Fire Truck and Equipment	(764,560.26)		225,000.00		38,677.46			38,677.46	(539,560.26)	
B. Video Surveillance System	(134,754.10)				500.00		35,763.12	36,263.12	(134,754.10)	
C. Beachfill Backpass & Beach Protection	(523,432.17)			720,000.00	3,720.27		5,000.00	3,244.40	191,091.96	
649-11 Beachfill Backpass & Beach Protection	(517,500.00)			517,500.00						
658-12 Acquisition of Property	(267,385.00)			292,500.00	640.00		548.40		23,926.60	
661-12 Various Capital Improvements:										
A. Reconfigure Macchia's Island	(29,300.00)			135,000.00	62,231.64		65,658.56	22,665.60	475.40	
B. Bulkhead Replacement	(11,300.00)			315,000.00			36,800.00	36,800.00	303,700.00	
670-12 Beachfill Project					126,064.07		5,117.15	265,000.00	133,818.78	
677-13 Various Improvements:										
A. Groin Field Study					922.62		189,077.38	19,000.00	(171,000.00)	
B. Road Improvements					42,271.29		606,181.46	65,000.00	(683,452.75)	
C. Reconfigure Macchia's Island					165,404.70		2,951,371.30	312,000.00	(2,804,776.00)	
D. Backbay Dredging					2,312.50		248,637.70	163,170.00	(87,780.20)	
E. Bulkhead Replacement					500.00		5,400.00	35,000.00	29,100.00	
F. Police Radio Upgrades					33,683.78		11,954.00	13,000.00	(32,637.78)	
G. Public Works Equipment					34,129.00		118,997.00	18,300.00	(134,826.00)	
684-13 Supplemental Reconfigure Macchia's Island					637,263.65		162,736.35	40,000.00	(760,000.00)	
	0.00		2,195,277.68	3,820,000.00	1,409,787.63		5,872,986.81	5,874,914.90	1,668,036.35	

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2012		\$	123,160.80
Increased by:			
Current Fund Budget Appropriation	\$	550,000.00	
			550,000.00
			673,160.80
Decreased by:			
Appropriation to Finance Improvement Authorization		665,470.00	
			665,470.00
Balance December 31, 2013		\$	7,690.80

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2012		\$ 25,715,358.32
Increased by:		
None	\$ -	
		-
		25,715,358.32
Decreased by:		
Serial Bonds Paid by Operating Budget	2,765,000.00	
Green Acres Loans Paid by Operating Budget	142,625.35	
		2,907,625.35
Balance December 31, 2013		\$ <u><u>22,807,732.97</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Paid by Budget Appropriation	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
597-08	Various Improvements								
	A. Improvements to Borough Buildings	\$ 153,000.00				153,000.00			
	B. Improvements to Armacost Park	13,500.00				13,500.00			
	C. Improvements to O'Brien Park	13,500.00				13,500.00			
	D. Install Fire Alarm - Public Work	18,000.00				18,000.00			
	E. Improvements to Sport Fishing Pier	18,000.00				18,000.00			
	F. Improvements to Senior Center	18,000.00				18,000.00			
	G. Installation of Carpet in Borough Hall	54,000.00				54,000.00			
	H. Acquisition of Beach Rake Tractor	36,000.00				36,000.00			
	I. Installation of Radar Stations	13,500.00				13,500.00			
	J. Boardwalk Repairs	90,000.00				90,000.00			
601-08	Various Capital Improvements:								
	B. HVAC Replacement Community Hall	112,500.00				112,500.00			
623-10	Beachfill Project	1,322,750.00				1,322,750.00			22,750.00
644-11	Acquisition of Fire Truck and Equipment			225,000.00					
	A. Fire Truck and Equipment	765,000.00				540,000.00		539,560.26	439.74
	B. Video Surveillance System	135,000.00				135,000.00		134,754.10	245.90
649-11	Beachfill Backpass & Beach Protection	720,000.00				720,000.00			-
658-12	Acquisition of Property	517,500.00				517,500.00			-
660-12	Acquisition of Property	292,500.00				292,500.00			-
661-12	Various Capital Improvements:								
	A. Reconfigure Macchi'a Island	135,000.00				135,000.00			-
	B. Bulkhead Replacement	315,000.00				315,000.00			-

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Paid by Budget Appropriation	Notes Paid by Budget Appropriation	Balance Dec. 31, 2013	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
677-13	Various Capital Improvements:								
	A. Groin Field Study		171,000.00			171,000.00		171,000.00	-
	B. Road Improvements		585,000.00			585,000.00		583,452.75	1,547.25
	C. Reconfigure Macchia's Island		2,808,000.00			2,808,000.00		2,804,776.00	3,224.00
	D. Backbay Dredging		1,468,530.00			1,468,530.00		87,780.20	1,380,749.80
	E. Bulkhead Replacement		315,000.00			315,000.00		-	315,000.00
	F. Police Radio Upgrades		117,000.00			117,000.00		32,637.78	84,362.22
	G. Public Works Equipment		164,700.00			164,700.00		134,826.00	29,874.00
684-13	Supplemental Reconfigure Macchia's Island		760,000.00			760,000.00		760,000.00	-
		<u>\$ 4,742,750.00</u>	<u>6,389,230.00</u>	<u>225,000.00</u>	<u>-</u>	<u>10,906,980.00</u>	<u>3,820,000.00</u>	<u>5,248,787.09</u>	<u>1,838,192.91</u>

Less: Improvement Authorizations Unfunded 2,431,564.52

Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord. Number	
677-13E	\$ 29,100.00
623-10	27,077.65
597-08E	18,000.00
649-11	191,091.96
660-12	23,926.60
661-12	304,175.40
	<u>593,371.61</u>

\$ 1,838,192.91

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded
483-00	Jetty Extension Project-8th Street	8/20/2000	\$ 1,200,000	\$ 2.00				2.00	
545-05	Various Improvements C. Roof - Borough Hall	2/9/2005	539,000	45,317.59				3,891.40	41,426.19
570-06	Various Improvements A. Various Road Improvements C. Bulkhead Reconstruction	12/14/2006	1,800,000	1,557.80 29,184.13				1,557.80 29,184.13	-
583-07	Beach Restoration	3/19/2008	30,000	-				-	-
586-07	Improvements to Public Buildings	10/11/2007	7,500,000	439.74				439.74	-
592-08	Road Improvements	1/23/2008	800,000	859.99				859.99	-
597-08	Various Improvements A. Improve Borough Buildings B. Improve Atmacost Park D. Install Fire Alarm-Public Works E. Improve Sport Fishing Pier G. Carpet in Borough Hall J. Boardwalk Repairs	5/28/2008	475,000		6,179.67 763.77 18,000.00 18,000.00 4,794.45 124.34			6,179.67 763.77 20,000.00 4,794.45 124.34	- - 18,000.00 - -
612-09	Various Improvements to Buildings	9/23/2009	90,000	-				(3,751.31)	3,751.31
623-10	Beachfill Project	1/27/2010	5,500,000	20,697.24	49,827.65			4,241.22	16,456.02
633-10	Beach & Waterway Improvements	9/8/2010	500,000						
644-11	Various Improvements: A. Fire Truck and Equipment B. Video Surveillance System	5/25/2011	1,250,000		439.74 245.90				439.74 245.90
649-11	Beachfill Backpass/Protection	12/28/2011	800,000		196,567.83			5,475.87	191,091.96
660-12	Acquisition of Property	8/22/2012	325,000		25,115.00			1,188.40	23,926.60
661-12	Various Improvements: A. Reconfigure Macchia Island B. Bulkhead Replacement	9/26/2012	500,000		105,700.00 303,700.00			105,224.60	475.40 303,700.00

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Date	Amount					
General Improvement Bonds of 2004	11/1/2004	\$ 10,820,000	11/1/14	900,000.00	3.400% \$	1,700,000.00		800,000.00	900,000.00
General Improvement Bonds of 2008	5/15/2008	19,000,000	5/15/14	1,175,000.00	5.000%	16,650,000.00		1,250,000.00	15,400,000.00
			5/15/15	1,325,000.00	5.000%				
			5/15/16	2,325,000.00	5.000%				
			5/15/17	2,425,000.00	5.000%				
			5/15/18	2,550,000.00	5.000%				
General Improvement Refunding Bonds of 2011	7/28/2011	2,115,000	5/15/19	2,725,000.00	4.000%	1,375,000.00		695,000.00	680,000.00
			5/15/20	2,875,000.00	4.000%				
General Improvement Refunding Bonds of 2012	10/4/2012	4,870,000	11/1/14	20,000.00	2.000%	4,815,000.00		20,000.00	4,795,000.00
			11/1/15	920,000.00	2.000%				
			11/1/16	925,000.00	2-3%				
			11/1/17	990,000.00	2.000%				
			11/1/18	970,000.00	4.000%				
			11/1/19	970,000.00	4.000%				
						\$ 24,540,000.00		2,765,000.00	21,775,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding							
			Balance December 31, 2013	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013		
			Amount							
New Jersey Green Acres Trust Program: Park Improvements to 8th Street Recreation Center	10/15/2013	\$ 149,950	\$	2.000%	\$ 89,808.97			7,767.74	82,041.23	
	5/6/14		3,942.22							
	11/6/14		3,981.65							
	5/6/15		4,021.46							
	11/6/15		4,061.68							
	5/6/16		4,102.29							
	11/6/16		4,143.32							
	5/6/17		4,184.75							
	11/6/17		4,226.60							
	5/6/18		4,268.86							
	11/6/18		4,311.55							
	5/6/19		4,354.67							
	11/6/19		4,398.21							
	5/6/20		4,442.20							
New Jersey Green Acres Trust Program: Beachfront Acquisition - Loan Number 1 (Borough is accelerating payments and repaying over ten years)	6/26/2004	\$ 587,800	7,522.51	2.000%	177,075.90			57,854.63	119,221.27	
	12/26/19		16,206.27							
	6/26/20		16,368.33							
	12/26/20		16,532.01							
	6/26/21		16,697.33							
	12/26/21		16,864.31							
	6/26/22		17,032.95							
	12/26/22		17,203.28							
	6/26/23		17,375.31							
	12/26/23		17,549.06							
	6/26/24		17,724.54							
	12/30/20		3,018.98		2.000%	85,998.80			27,915.90	58,082.90
	6/30/21		10,115.01							
	12/30/21		10,216.16							
6/30/22		10,318.32								
12/30/22		10,421.50								
6/30/23		10,525.72								
12/30/23		10,630.97								
6/30/24		10,737.28								
New Jersey Green Acres Trust Program: 8th Street Recreation - Part I of Refundir	5/19/2005	150,000	3,709.73	2.000%	102,710.25			7,309.64	95,400.61	
	1/19/14									

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				
			Balance December 31, 2013	Interest Rate	Balance Dec. 31, 2012	Decreased	
New Jersey Green Acres Trust Program:	7/19/14		3,746.83				
	1/19/15		3,784.30				
	7/19/15		3,822.14				
	1/19/16		3,860.36				
	7/19/16		3,898.97				
	1/19/17		3,937.96				
	7/19/17		3,977.34				
	1/19/18		4,017.11				
	7/19/18		4,057.28				
	1/19/19		4,097.85				
	7/19/19		4,138.83				
	1/19/20		4,180.22				
	7/19/20		4,222.02				
	1/19/21		4,264.24				
	7/19/21		4,306.88				
	1/19/22		4,349.95				
	7/19/22		4,393.45				
	1/19/23		4,437.39				
	7/19/23		4,481.76				
	1/19/24		4,526.58				
	7/19/24		4,571.85				
	1/19/25		4,617.57				
	New Jersey Green Acres Trust Program: 8th Street Recreation - Part II of Refund	5/3/14	500,000	11,883.27		389,667.60	
11/3/14			12,002.10			23,414.74	
5/3/15			12,122.13				
11/3/15			12,243.35				
5/3/16			12,365.78				
11/3/16			12,489.44				
5/3/17			12,614.33				
11/3/17			12,740.48				
5/3/18			12,867.88				
11/3/18			12,996.56				
5/3/19			13,126.52				
11/3/19			13,257.79				
5/3/20			13,390.37				
11/3/20			13,524.57				
5/3/21			13,659.51				
11/3/21			13,796.11				
5/3/22			13,934.07				
11/3/22			14,073.41				
5/3/23			14,214.15				
11/3/23			14,356.29				
5/3/24			14,499.85				
						366,252.86	

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
			Balance December 31, 2013	Amount					
New Jersey Green Acres Trust Program:			11/3/24	14,644.85					
			5/3/25	14,791.30					
			11/3/25	14,939.21					
			5/3/26	15,088.60					
			11/3/26	15,239.49					
			5/3/27	15,391.45					
New Jersey Green Acres Trust Program: Multi-Park Improvements	6/18/2008	400,000	6/18/14	9,319.30	2.000%	330,096.80		18,362.70	311,734.10
			12/18/14	9,412.49					
			6/18/15	9,506.61					
			12/18/15	9,601.68					
			6/18/16	9,697.70					
			12/18/16	9,794.67					
			6/18/17	9,892.62					
			12/18/17	9,991.55					
			6/18/18	10,091.46					
			12/18/18	10,192.39					
			6/18/19	10,294.30					
			12/18/19	10,397.24					
			6/18/20	10,501.22					
			12/18/20	10,606.23					
			6/18/21	10,712.29					
			12/18/21	10,819.41					
			6/18/22	10,927.61					
			12/18/22	11,036.88					
		6/18/23	11,147.25						
		12/18/23	11,258.73						
		6/18/24	11,371.31						
		12/18/24	11,485.03						
		6/18/25	11,599.88						
		12/18/25	11,715.88						
		6/18/26	11,833.03						
		12/18/26	11,951.36						
		6/18/27	12,070.89						
		12/18/27	12,191.59						
		6/18/28	12,313.50						
						\$ 1,175,358.32	-	142,625.35	1,032,732.97

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Improvements:									
A. Improvements to Borough Buildings	597-08	2/27/2013	2/27/2013	2/27/2014	1.00% \$	-	153,000.00	-	153,000.00
B. Improvements to Armacost Park		2/27/2013	2/27/2013	2/27/2014	1.00%	-	13,500.00	-	13,500.00
C. Improvements to O'Brien Park		2/27/2013	2/27/2013	2/27/2014	1.00%	-	13,500.00	-	13,500.00
D. Install Fire Alarm - Public Work		2/27/2013	2/27/2013	2/27/2014	1.00%	-	18,000.00	-	18,000.00
E. Improvements to Sport Fishing Pier		2/27/2013	2/27/2013	2/27/2014	1.00%	-	18,000.00	-	18,000.00
F. Improvements to Senior Center		2/27/2013	2/27/2013	2/27/2014	1.00%	-	18,000.00	-	18,000.00
G. Installation of Carpet in Borough Hall		2/27/2013	2/27/2013	2/27/2014	1.00%	-	54,000.00	-	54,000.00
H. Acquisition of Beach Rake Tractor		2/27/2013	2/27/2013	2/27/2014	1.00%	-	36,000.00	-	36,000.00
I. Installation of Radar Stations		2/27/2013	2/27/2013	2/27/2014	1.00%	-	13,500.00	-	13,500.00
J. Boardwalk Repairs		2/27/2013	2/27/2013	2/27/2014	1.00%	-	90,000.00	-	90,000.00
Various Capital Improvements:									
B. HVAC Replacement Community Hall	601-08	2/27/2013	2/27/2013	2/27/2014	1.00%	-	112,500.00	-	112,500.00
Beachfill Project	623-10	2/27/2013	2/27/2013	2/27/2014	1.00%	-	1,300,000.00	-	1,300,000.00
Beachfill Backpass & Beach Protection	649-11	2/27/2013	2/27/2013	2/27/2014	1.00%	-	720,000.00	-	720,000.00
Acquisition of Property	658-12	2/27/2013	2/27/2013	2/27/2014	1.00%	-	517,500.00	-	517,500.00
Acquisition of Property	660-12	2/27/2013	2/27/2013	2/27/2014	1.00%	-	292,500.00	-	292,500.00
Various Capital Improvements:									
A. Reconfigure Macchi'a Island	661-12	2/27/2013	2/27/2013	2/27/2014	1.00%	-	135,000.00	-	135,000.00
B. Bulkhead Replacement		2/27/2013	2/27/2013	2/27/2014	1.00%	-	315,000.00	-	315,000.00
						\$	3,820,000.00	-	3,820,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Bond Antic. Notes Issued	Budget Appropriation	Balance Dec. 31, 2013
597-08	Various Capital Improvements:					
	A. Improvements to Borough Buildings	\$ 153,000.00		153,000.00		-
	B. Improvements to Armacost Park	13,500.00		13,500.00		-
	C. Improvements to O'Brien Park	13,500.00		13,500.00		-
	D. Install Fire Alarm - Public Work	18,000.00		18,000.00		-
	E. Improvements to Sport Fishing Pier	18,000.00		18,000.00		-
	F. Improvements to Senior Center	18,000.00		18,000.00		-
	G. Installation of Carpet in Borough Hall	54,000.00		54,000.00		-
	H. Acquisition of Beach Rake Tractor	36,000.00		36,000.00		-
	I. Installation of Radar Stations	13,500.00		13,500.00		-
	J. Boardwalk Repairs	90,000.00		90,000.00		-
601-08	Various Capital Improvements:					
	B. HVAC Replacement Community Hall	112,500.00		112,500.00		-
623-10	Beachfill Project	1,322,750.00		1,300,000.00		22,750.00
644-11	Acquisition of Fire Truck and Equipment				225,000.00	540,000.00
	A. Fire Truck and Equipment	765,000.00				135,000.00
	B. Video Surveillance System	135,000.00				
649-11	Beachfill Backpass & Beach Protection	720,000.00		720,000.00		-
658-12	Acquisition of Property	517,500.00		517,500.00		-
660-12	Acquisition of Property	292,500.00		292,500.00		-
661-12	Various Capital Improvements:					
	A. Reconfigure Macchia's Island	135,000.00		135,000.00		-
	B. Bulkhead Replacement	315,000.00		315,000.00		-
677-13	Various Capital Improvements:					
	A. Groin Field Study		171,000.00			171,000.00
	B. Road Improvements		585,000.00			585,000.00
	C. Reconfigure Macchia's Island		2,808,000.00			2,808,000.00
	D. Backbay Dredging		1,468,530.00			1,468,530.00
	E. Bulkhead Replacement		315,000.00			315,000.00
	F. Police Radio Upgrades		117,000.00			117,000.00
	G. Public Works Equipment		164,700.00			164,700.00
684-13	Supplemental Reconfigure Macchia's Island		760,000.00			760,000.00
		\$ 4,742,750.00	6,389,230.00	3,820,000.00	225,000.00	7,086,980.00

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2012	\$ 613,578.83	-
Increased by Receipts:		
Collector	5,512,336.10	
Interest Earned on Investments	9,519.46	
Anticipated Deficit - General Budget	136,542.35	
Non-Budget Revenue	36,586.95	
Due from Trusts - Other	1,213.00	
Due from Middlesex Water Company	593.14	
Due from Current Fund	112,390.00	
Due to Water and Sewer Operating Fund		160,592.39
Due to General Capital Fund		679,722.32
	5,809,181.00	840,314.71
	6,422,759.83	840,314.71
Decreased by Disbursements:		
Current Year Appropriation	5,307,079.53	
Prior Year Appropriations	453,621.03	
Accrued Interest on Bonds and Notes	181,784.00	
Due to Water and Sewer Capital Fund	160,592.39	
Due from PNC Bank	2,687.29	
Improvement Authorizations		840,314.71
	6,105,764.24	840,314.71
Balance December 31, 2013	\$ <u>316,995.59</u>	<u>-</u>

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012		Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$	164,221.79							164,221.79
Capital Improvement Fund		32,000.00					32,000.00		-
Downpayment on Improvements		99,600.00					21,075.00		78,525.00
Due from County - CAFR Permit		(2,631.81)							(2,631.81)
Accounts Payable - 2003 Refunding Issue		12,156.65	679,722.32						12,156.65
Due to General Capital Fund		-					2,100,000.00		(1,420,277.68)
Encumbrances Payable		384,003.24					384,003.24		242,131.29
Due to Water and Sewer Operating Fund		105,985.42	160,592.39						266,577.81
Improvement Authorizations:									
504-02	Phase IIIA of Downtown Reconstruction	0.60			0.60				-
513-03	Well Replacement and Renovation of Water Main				9,728.27			9,728.27	-
515-03	Various Improvements: a) Storm Sewer Improvements 24th Street and Ocean Drive				29,933.72			29,933.72	-
516-03	Improv. Sanitary Sewer System				43,196.61			43,196.61	-
521-03	Various Improvements: a) Rehabilitation of Well #8 b) Acquisition and Installation SCADA	114,809.77			15,275.25			15,275.25	114,809.77
544-05	Various Capital Improvements	198,778.30			123,043.92		2,842.46		72,891.92
546-05	Various Capital Improvements: b) Repairs to Well #7	300.00			13,017.52			12,717.52	-
571-06	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well 7 at 67th Street c) Improv. to 38th St. Generator d) Refurbish Pump Station Wet Well at 42nd & 58th Streets e) Ocean Ave. Stormwater Improv. f) Water and Sewer improvements associated with Roads	74.16 (28,600.00) 13,626.00 59,924.28			2,181.00 469.03 3,000.00 (7,916.88)		9,824.00 3,000.00 154,867.64		74.16 (28,600.00) 11,445.00 59,455.25 (17,730.73)
600-08	Various Capital Improvements: a) Paint Water Tank at 13th Street b) Replace Well 7 at 67th Street c) System-wide review of sanitary sewer gravity conveyance system d) Water allocation permit e) Stormwater Outfall Eval. Prog. f) Installation of Tide-Flex valves at 21st and 25th Street Outfalls	(159,210.26) (230,000.00) (12,000.00) (76,000.00)					189,000.00 230,000.00 11,400.00 11,400.00 11,833.00		29,789.74 - - 23,000.00 - - 57,600.07

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2012		\$	-
Increased by Receipts:			
Consumer Accounts Receivable:			
Water and Sewer Rents	5,062,627.09		
Prepaid Rents	47,503.59		
Miscellaneous	<u>402,205.42</u>		
			<u>5,512,336.10</u>
			5,512,336.10
Payments to Treasurer			<u>5,512,336.10</u>
Balance December 31, 2013		\$	<u><u>-</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2012		\$ 59,006.01
Increased by Receipts:		
Rents Levied in 2013	<u>5,163,827.15</u>	<u>5,163,827.15</u>
		5,222,833.16
Decreased by Disbursements:		
Prepayments/Overpayments Applied	26,292.98	
Collections	<u>5,062,627.09</u>	<u>5,088,920.07</u>
Balance December 31, 2013		\$ <u><u>133,913.09</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF UTILITY LIENS**

Balance December 31, 2012		\$
Increased by Receipts:		
No Activity in 2013	<u>-</u>	<u>-</u>
		-
Decreased by Disbursements:		
No Activity in 2013	<u>-</u>	<u>-</u>
		-
Balance December 31, 2013		\$ <u><u>-</u></u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Due to Current Fund	Over- Expended
Operating:					
Salaries and Wages	\$ 342.34	342.34		342.34	-
Other Expenses	344,529.04	344,529.04	288,853.96	55,675.08	-
Capital Improvements:					
Capital Outlay	171,387.07	171,387.07	164,767.07	6,620.00	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	673.42	673.42		673.42	-
	<u>\$ 516,931.87</u>	<u>516,931.87</u>	<u>453,621.03</u>	<u>63,310.84</u>	<u>-</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE**

Balance December 31, 2012	\$	51,156.58
Increased by:		
Budget Appropriations:		
Interest on Bonds and Loans		170,444.00
Interest on Notes		17,500.00
		187,944.00
		239,100.58
Decreased By:		
Payments of Debt Service Interest		181,784.00
		181,784.00
Balance December 31, 2013	\$	57,316.58

Analysis of Accrued Interest December 31, 2013

Principal Outstanding December 31, 2013	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>					
882,000.00	Var.	7/1/2013	12/31/2013	184	17,664.50
2,080,000.00	Var.	8/1/2013	12/31/2013	153	12,256.25
475,000.00	Var.	8/1/2013	12/31/2013	153	9,895.83
<u>Bond Anticipation Notes</u>					
2,100,000.00	1.00%	2/28/2013	12/31/2013	306	17,500.00
					57,316.58

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2012		Authorizations		Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
504-02	Phase IIIA of Downtown Reconstruction	7/10/2002	900,000.00	\$ 0.60				0.60		
521-03	Various Improvements: a) Rehabilitation of Well #8 b) Acquisition and Installation SCADA	7/23/2003	510,000.00	114,809.77				-	114,809.77	
544-05	Various Capital Improvements	2/9/2005	200,000.00	198,778.30				125,886.38	72,891.92	
546-05	Various Capital Improvements: b) Repairs to Well #7	2/9/2005	285,000.00	300.00				300.00	-	
571-06	Various Capital Improvements: a) Paint Water Tank at 13th Street c) Improv. to 38th St. Generator d) Refurbish Pump Station Wet Well at 42nd & 58th Streets f) Water and Sewer improvements associated with Roads	5/10/2006	1,163,600.00	74.16 13,626.00 59,924.28 110,967.43				2,181.00 21,802.36 107,364.83	74.16 11,445.00 38,121.92 3,602.60	
600-08	Various Capital Improvements: a) Paint Water Tank at 13th Street c) System-wide review of sanitary sewer gravity conveyance system d) Water allocation permit f) Installation of Tide-Flex valves at 21st and 25th Street Outfalls i) Acquisition of Equipment	8/13/2008	981,000.00	60,789.74				-	60,789.74	
629-10	Improve 38th Street Water Tower	5/26/2012	1,700,000.00					-		401,518.78
634-10	Various Capital Improvements Incl. Drainage & Roadway Improvements to the Sanitary Sewer System	9/8/2012	400,000.00	232,394.93				17,058.66		215,336.27
653-12	Various Improvements: b. Improve Sanitary Sewer System c. Street Rehab around Wells 8 & 9	3/14/2012	904,000.00	46,500.00 12,400.00				340,640.48	12,400.00	124,359.52 111,600.00
678-13	Various Improvements: a. SCADA Improvements b. Fire Hydrants c. Sewer Main & Connection Improv. d. Sewer Upgrades e. Design 78th Street Pump Station f. Design 12" Water Main - Dune Drive	3/13/2013	1,061,500.00					607.80	13,392.20	256,000.00 95,000.00 95,000.00 441,750.00 57,000.00 63,675.00
				<u>\$ 557,380.54</u>	<u>1,388,004.17</u>			<u>698,442.76</u>	<u>305,812.57</u>	<u>2,002,629.38</u>
								\$ (384,003.24)		
								242,131.29		
								840,314.71		
								<u>\$ 698,442.76</u>		

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
			Date	Amount						
Refunding Bonds of 2002	8/1/2002	2,070,000			\$	130,000.00		130,000.00	-	
Water/Sewer Utility Bonds	7/15/2003	2,282,000	7/15/2014	165,000.00	3.80%	1,042,000.00		160,000.00	882,000.00	
			7/15/2015	170,000.00	3.90%					
			7/15/2016	180,000.00	4.00%					
			7/15/2017	185,000.00	4.10%					
Refunding Bonds of 2003	8/1/2003	2,215,000				265,000.00		265,000.00	-	
Water/Sewer Utility Bonds	5/15/2008	2,350,000	5/15/2014	225,000.00		2,140,000.00		60,000.00	2,080,000.00	
			5/15/2015	375,000.00						
			5/15/2016	375,000.00						
			5/15/2017	325,000.00						
			5/15/2018	150,000.00						
			5/15/2019	140,000.00						
			5/15/2020	140,000.00						
			5/15/2021	140,000.00						
5/15/2022	140,000.00									
			7/15/2023	70,000.00						
						\$ 3,577,000.00	-	615,000.00	2,962,000.00	
						Paid by Budget Appropriation		615,000.00		

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013	
			Date	Amount						
NJIEIT Trust Series 2010B	12/2/2010	535,000.00	8/1/2014	30,000.00	5.00%	505,000.00	\$	30,000.00	475,000.00	
			8/1/2015	30,000.00	5.00%					
			8/1/2016	35,000.00	5.00%					
			8/1/2017	35,000.00	5.00%					
			8/1/2018	35,000.00	5.00%					
			8/1/2019	40,000.00	5.00%					
			8/1/2020	40,000.00	5.00%					
			8/1/2021	40,000.00	5.00%					
			8/1/2022	45,000.00	5.00%					
			8/1/2023	45,000.00	5.00%					
			8/1/2024	50,000.00	5.00%					
			8/1/2025	50,000.00	5.00%					
	NJIEIT Trust Fall 2010B	12/2/2010	583,240.00	2/1/2014	13,255.45	0.00%	516,962.75		39,766.35	477,196.40
			8/1/2014	26,510.90						
			2/1/2015	13,255.45						
			8/1/2015	26,510.90						
			2/1/2016	13,255.45						
			8/1/2016	26,510.90						
			2/1/2017	13,255.45						
			8/1/2017	26,510.90						
			2/1/2018	13,255.45						
			8/1/2018	26,510.90						
			2/1/2019	13,255.45						
			8/1/2019	26,510.90						
			2/1/2020	13,255.45						
			8/1/2020	26,510.90						
			2/1/2021	13,255.45						
		8/1/2021	26,510.90							
		2/1/2022	13,255.45							
		8/1/2022	26,510.90							
		2/1/2023	13,255.45							
		8/1/2023	26,510.90							
		2/1/2024	13,255.45							
		8/1/2024	26,510.90							
		2/1/2025	13,255.45							
		8/1/2025	26,510.90							
						\$	1,021,962.75		952,196.40	
							-	69,766.35	882,430.05	
								69,766.35	952,196.40	
								69,766.35	1,021,962.75	
								69,766.35	1,091,729.10	
								69,766.35	1,161,495.45	
								69,766.35	1,231,261.80	
								69,766.35	1,301,028.15	
								69,766.35	1,370,794.50	
								69,766.35	1,440,560.85	
								69,766.35	1,510,327.20	
								69,766.35	1,580,093.55	
								69,766.35	1,649,859.90	
								69,766.35	1,719,626.25	
								69,766.35	1,789,392.60	
								69,766.35	1,859,158.95	
								69,766.35	1,928,925.30	
								69,766.35	1,998,691.65	
								69,766.35	2,068,458.00	
								69,766.35	2,138,224.35	
								69,766.35	2,207,990.70	
								69,766.35	2,277,757.05	
								69,766.35	2,347,523.40	
								69,766.35	2,417,289.75	
								69,766.35	2,487,056.10	
								69,766.35	2,556,822.45	
								69,766.35	2,626,588.80	
								69,766.35	2,696,355.15	
								69,766.35	2,766,121.50	
								69,766.35	2,835,887.85	
								69,766.35	2,905,654.20	
								69,766.35	2,975,420.55	
								69,766.35	3,045,186.90	
								69,766.35	3,114,953.25	
								69,766.35	3,184,719.60	
								69,766.35	3,254,485.95	
								69,766.35	3,324,252.30	
								69,766.35	3,394,018.65	
								69,766.35	3,463,785.00	
								69,766.35	3,533,551.35	
								69,766.35	3,603,317.70	
								69,766.35	3,673,054.05	
								69,766.35	3,742,790.40	
								69,766.35	3,812,526.75	
								69,766.35	3,882,263.10	
								69,766.35	3,952,000.45	
								69,766.35	4,021,736.80	
								69,766.35	4,091,473.15	
								69,766.35	4,161,209.50	
								69,766.35	4,230,945.85	
								69,766.35	4,300,682.20	
								69,766.35	4,370,418.55	
								69,766.35	4,440,154.90	
								69,766.35	4,509,891.25	
								69,766.35	4,579,627.60	
								69,766.35	4,649,363.95	
								69,766.35	4,719,100.30	
								69,766.35	4,788,836.65	
								69,766.35	4,858,573.00	
								69,766.35	4,928,309.35	
								69,766.35	4,998,045.70	
								69,766.35	5,067,782.05	
								69,766.35	5,137,518.40	
								69,766.35	5,207,254.75	
								69,766.35	5,276,991.10	
								69,766.35	5,346,727.45	
								69,766.35	5,416,463.80	
								69,766.35	5,486,200.15	
								69,766.35	5,555,936.50	
								69,766.35	5,625,672.85	
								69,766.35	5,695,409.20	
								69,766.35	5,765,145.55	
								69,766.35	5,834,881.90	
								69,766.35	5,904,618.25	
								69,766.35	5,974,354.60	
								69,766.35	6,044,090.95	
								69,766.35	6,113,827.30	
								69,766.35	6,183,563.65	
								69,766.35	6,253,300.00	
								69,766.35	6,323,036.35	
								69,766.35	6,392,772.70	
								69,766.35	6,462,509.05	
								69,766.35	6,532,245.40	
								69,766.35	6,601,981.75	
								69,766.35	6,671,718.10	
								69,766.35	6,741,454.45	
								69,766.35	6,811,190.80	
								69,766.35	6,880,927.15	
								69,766.35	6,950,663.50	
								69,766.35	7,020,400.85	
								69,766.35	7,090,137.20	
								69,766.35	7,159,873.55	
								69,766.35	7,229,609.90	
								69,766.35	7,299,346.25	
								69,766.35	7,369,082.60	
								69,766.35	7,438,818.95	
								69,766.35	7,508,555.30	
								69,766.35	7,578,291.65	
								69,766.35	7,648,028.00	
								69,766.35	7,717,764.35	
								69,766.35	7,787,500.70	
								69,766.35	7,857,237.05	
								69,766.35	7,926,973.40	
								69,766.35	7,996,709.75	
								69,766.35	8,066,446.10	
								69,766.35	8,136,182.45	
								69,766.35	8,205,918.80	
								69,766.35	8,275,655.15	
								69,766.35	8,345,391.50	
								69,766.35	8,415,127.85	
								69,766.35	8,484,864.20	
								69,766.35	8,554,600.55	
								69,766.35	8,624,336.90	
								69,766.35	8,694,073.25	
								69,766.35	8,763,809.60	
								69,766.35	8,833,545.95	
								69,766.35	8,903,282.30	
								69,766.35	8,973,018.65	
								69,766.35	9,042,755.00	
								69,766.35	9,112,491.35	
								69,766.35	9,182,227.70	
								69,766.35	9,251,964.05	
								69,766.35	9,321,700.40	
								69,766.35	9,391,436.75	
								69,766.35	9,461,173.10	
								69,766.35	9,530,909.45	
								69,766.35	9,600,645.80	
								69,766.35	9,670,382.15	
								69,766.35	9,740,118.50	
								69,766.35	9,809,854.85	
								69,766.35	9,879,591.20	
								69,766.35	9,949,327.55	
								69,766.35	10,019,063.90	
								69,766.35	10,088,800.25	
								69,766.35	10,158,536.60	
								69,766.35	10,228,272.95	
								69,766.35	10,298,009.30	
								69,766.35	10,367,745.65	
								69,766.35	10,437,482.00	
								69,766.35	10,507,218.35	
								69,766.35	10,576,954.70	
								69,766.35	10,646,691.05	
								69,766.35	10,716,427.40	
								69,766.35	10,786,163.75	
								69,766.35	10,855,900.10	
								69,766.35	10,925,636.45	
								69,766.35	10,995,372.80	
								69,766.35	11,065,109.15	
								69,766.35	11,134,845.50	
								69,766.35	11,204,581.85	
								69,766.35	11,274,318.20	
								69,766.35	11,344,054.55	
								69,766.35	11,413,790.90	
								69,766.35	11,483,527.25	
								69,766.35	11,553,263.60	
								69,766.35	11,623,000.95	
								69,766.35	11,692,737.30	
								69,766.35	11,762,473	

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Increased	Decreased	Balance Dec. 31, 2013
Various Improvements:									
a. Paint Water Tank at 13th Street	600-08	2/27/2013	2/27/2013	2/27/2014	1.00%	\$	189,000.00		189,000.00
b. Replace Well #7 at 67th Street							230,000.00		230,000.00
c. System-wide review of the sanitary sewer gravity conveyance system							12,000.00		12,000.00
d. Water allocation permit							23,000.00		23,000.00
e. Stormwater Outfall Evaluation							76,000.00		76,000.00
f. Install Tide-Flex valves at the 21st /25th Street Outfalls							137,000.00		137,000.00
g. Repair Sewer pumping Stations located at 58th and 74th Streets							117,000.00		117,000.00
h. Install fiberglass enclosures at storm water station located at 22nd and 11th Streets							51,000.00		51,000.00
i. Acquisition of Equipment							115,000.00		115,000.00
Various Capital Improvements including Drainage and Roadway Improvements to the Sanitary Sewer System									
	634-10	2/27/2013	2/27/2013	2/27/2014	1.00%		350,000.00		350,000.00
Various Improvements:									
a. Improve Water/Wastewater System	653-12	2/27/2013	2/27/2013	2/27/2014	1.00%		135,000.00		135,000.00
b. Improve Sanitary Sewer System							404,900.00		404,900.00
c. Street Rehab around Wells 8 & 9							111,600.00		111,600.00
d. Pump Repairs							148,500.00		148,500.00
						\$	2,100,000.00	-	2,100,000.00
Due from General Capital Fund							2,100,000.00		2,100,000.00

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Debt Issued	NJEIT Loan Canceled	Balance Dec. 31, 2013
571-06	Various Improvements: a. Replace Well #7 at 67th Street	\$ 28,600.00				28,600.00
608-08	Various Improvements: a. Paint Water Tank at 13th Street b. Replace Well #7 at 67th Street c. System-wide review of the sanitary sewer gravity conveyance system d. Water allocation permit e. Stormwater Outfall Evaluation f. Install Tide-Flex valves at the 21st /25th Street Outfalls g. Repair Sewer pumping Stations located at 58th and 74th Streets h. Install fiberglass enclosures at 22nd & 11th St. Storm Water Stations i. Acquisition of Equipment	220,000.00 230,000.00 12,000.00 23,000.00 76,000.00 137,000.00 117,000.00 51,000.00 115,000.00		189,000.00 230,000.00 12,000.00 23,000.00 76,000.00 137,000.00 117,000.00 51,000.00 115,000.00		31,000.00 -
629-10	Improve 38th Street Water Tower	533,520.00				533,520.00
634-10	Various Capital Improvements including Drainage and Roadway Improvements to the Sanitary Sewer System	384,000.00		350,000.00		34,000.00
653-12	Various Improvements: a. Improve Water/Wastewater System b. Improve Sanitary Sewer System c. Street Rehab around Wells 8 & 9 d. Pump Repairs	135,000.00 418,500.00 111,600.00 148,500.00		135,000.00 404,900.00 111,600.00 148,500.00		- 13,600.00 - -
678-13	Various Improvements: a. SCADA Improvements b. Fire Hydrants c. Sewer Main & Connection Improv. d. Sewer Upgrades e. Design 78th Street Pump Station f. Design 12" Water Main - Dune Drive		256,000.00 95,000.00 95,000.00 441,750.00 57,000.00 63,675.00			256,000.00 95,000.00 95,000.00 441,750.00 57,000.00 63,675.00
		\$ 2,740,720.00	1,008,425.00	2,100,000.00	-	1,649,145.00

**BEACH UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2012	\$ 162,076.24	2,250.00
Increased by Receipts:		
Beach Rent Collected	1,170,556.00	
Prepaid Beach Fees	25,200.00	
Beach Vehicle Permits	10,200.00	
Anticipated Deficit - General Budget	209,170.95	
Miscellaneous Revenue Not Anticipated	642.69	
Due to Current Fund	71,288.50	
	1,487,058.14	-
	1,649,134.38	2,250.00
Decreased by Disbursements:		
Current Appropriations	1,281,609.20	
Appropriation Reserves	42,834.87	
	1,324,444.07	-
Balance December 31, 2013	\$ 324,690.31	2,250.00

**BEACH UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2012	Receipts		Disbursements		Transfers		Balance Dec. 31, 2013
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$	2,250.00							2,250.00
\$	<u>2,250.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,250.00</u>

Capital Improvement Fund

**BEACH UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2012	Balance After Transfers	Paid or Charged	Due to Current Fund	Over- Expended
Operating:					
Other Expenses	\$ 89,932.45	89,932.45	42,834.87	47,097.58	-
All Other Accounts - No Change	51,143.79	51,143.79		51,143.79	-
	<u>\$ 141,076.24</u>	<u>141,076.24</u>	<u>42,834.87</u>	<u>98,241.37</u>	<u>-</u>

**BEACH UTILITY CAPITALFUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2012		\$	2,250.00
Increased by:			
None	-		
			-
			2,250.00
Decreased by:			
None	-		
Balance December 31, 2013		\$	2,250.00

BOROUGH OF AVALON

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$29,000, except by contract or agreement". Effective July 1, 2010, the bid threshold was increased to \$36,000 for municipalities with a Qualified Purchasing Agent.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated the following contracts were bid in 2013:

Sanitary Sewer Replacement	Removal of Dredged Material
Collection & Disposal of Recycling Materials	Reconstruction of Various Roads
Collection & Disposal of Bulk Waste Materials	Remote Site Scada System Upgrade
Heavy Duty Tractor	Dispatch Console
Emptying of Macchia's Island Disposal Facility	

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

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

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$36,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution on January 9, 2013, authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 et seq. permits the governing body to fix the rate of interest to be charged for the nonpayment of taxes, sewer or other municipal charges.

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Borough of Avalon, the rate of interest on unpaid taxes and sewer shall be eight (8) percent per annum on the first one thousand five hundred dollars (\$1,500.00) of delinquency and eighteen (18) percent per annum on any amount in excess of one thousand five hundred dollars (\$1,500.00) to be calculated from the date the tax, sewer or other municipal charges were payable until the date of actual payment. No interest shall be charged if

payment is made on or before the tenth (10th) calendar day following the date upon which the same is payable.

BE IT FURTHER RESOLVED, in addition to the interest provided above, all delinquencies in excess of ten thousand dollars (\$10,000.00) which are not paid prior to the end of the year will be subject to a year-end penalty of six (6) percent.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 4, 2013 and was complete. There were no properties in bankruptcy as of December 31, 2013.

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

<u>Year</u>	<u>Number of Liens</u>
2013	3
2012	3
2011	3

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. The amount of these municipal liens and dormant liens is \$14,642.59 at December 31, 2013.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2013 and 2014 Taxes	5
Delinquent Taxes	5

Comparison of Tax Levies and Collections 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>
2013	\$ 38,371,403	37,899,939	98.77%
2012	36,955,069	36,448,834	98.63%
2011	36,080,276	35,449,111	98.25%
2010	36,228,894	34,939,387	96.44%
2009	34,642,955	34,012,600	98.18%

Comparison of Tax Levies and Collections

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 0.526	0.509	0.500	0.409	0.393
Apportionment of Tax Rate:					
Municipal	0.219	0.210	0.200	0.194	0.183
Municipal Library	0.036	0.036	0.038		
County	0.228	0.220	0.219	0.18	0.175
Local School	0.043	0.043	0.043	0.035	0.035
Assessed Valuation	7,266,363,739	7,241,250,191	7,194,391,299	8,835,056,747	8,777,806,633

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Of Tax Levy</u>
2013	\$ 14,073	441,368	455,441	1.19%
2012	14,073	495,777	509,850	1.38%
2011	14,643	627,377	642,019	1.78%
2010	15,210	1,074,548	1,089,758	3.01%
2009	15,614	584,749	600,363	1.73%

Uniform Construction Code

The Borough of Avalon construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b)2 and NJAC 5:23.4.17(b)3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

RECOMMENDATIONS

None

In accordance with *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Township in response to my recommendations.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Michael S. Garcia
Michael S. Garcia
Certified Public Accountant
Registered Municipal Accountant
No. 472

September 12, 2014