

BOROUGH OF BEACHWOOD

COUNTY OF OCEAN

REPORT OF AUDIT

DECEMBER 31, 2012

William E. Antonides and Company
Certified Public Accountants

2807 Hurley Pond Road
Wall, NJ 07719

506 Hooper Avenue
Toms River, NJ 08753

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

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BOROUGH OF BEACHWOOD

COUNTY OF OCEAN

PART I

AUDITOR'S REPORT OF THE BOROUGH'S FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey

Report on Financial Statements

We have audited the financial statements - regulatory basis of the various funds of the Borough of Beachwood (the "Borough"), in the County of Ocean, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to 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 accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 from 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.

Auditor's Responsibility (Continued)

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, these financial statements have been prepared in conformity with accounting principles prescribed the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with statutory and regulatory requirements of the State 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to in the first paragraph, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2012 and 2011, and the results of its operations for the years then ended.

Basis for Qualified Opinion

The Borough has omitted disclosures required by Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The amount by which this disclosure would affect the financial position is not reasonably determinable.

Basis of Disclaimer of Opinion on Length of Service Awards Program Fund (LOSAP)

As discussed in Note 1, the financial statements of the Length of Service Awards Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial statements are included in the Borough's Trust Fund, and represent 10.92% and 9.30% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2012 and 2011.

Disclaimer of Opinion of Length of Service Award Program Fund (LOSAP)

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited and the omission of the information described in the Basis for Qualified Opinion paragraph, the financial statements – regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough at December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division, 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's financial statements. The supplementary financial schedules listed in the table of contents are required by the Division and are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary financial schedules, referred to in the preceding paragraph, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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's internal control over financial reporting and compliance.

William E. Antonides and Company
Independent Auditors



William E. Antonides, Jr.
Registered Municipal Accountant
Certified Public Accountant

Wall Township, New Jersey
November 15, 2013

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	A-4	\$ 5,033,537.76	\$ 4,662,453.96
Cash - Change Fund		500.00	500.00
Cash - Petty Cash	A-4		230.00
Due from State of New Jersey Chapter 20, P.L. 1971	A-6		2,000.00
		<u>5,034,037.76</u>	<u>4,665,183.96</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	514,924.88	559,117.90
Tax Title Liens Receivable	A-8	50,064.39	34,336.33
Clean Up Charges		5,900.24	5,900.24
Property Acquired for Taxes		337,388.00	337,388.00
Revenue Accounts Receivable	A-9	9,699.44	10,817.30
Interfunds:			
Animal Control Trust Fund		74.40	74.40
Payroll Fund		2,852.77	2,852.77
		<u>920,904.12</u>	<u>950,486.94</u>
		<u>5,954,941.88</u>	<u>5,615,670.90</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-13	206,571.88	12,053.61
Grants Receivable	A-14	63,655.84	85,651.23
		<u>270,227.72</u>	<u>97,704.84</u>
		<u>\$ 6,225,169.60</u>	<u>\$ 5,713,375.74</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - CURRENT FUND

Exhibit A

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,10	\$ 763,476.93	\$ 652,186.09
Reserve for Encumbrances	A-3,10	325,709.65	367,627.64
Accounts Payable	A-4,10	290,769.00	287,964.00
Tax Overpayments		45,369.10	11,982.18
Prepaid Taxes	A-5,7	156,974.28	164,527.93
Due State of New Jersey:			
Marriage License Fees	A-4	200.00	175.00
Construction Fees	A-4	1,108.98	1,406.68
Chapter 20, P.L. 1971	A-6	69.80	
Reserve for:			
Proceeds from Sale of Municipal Assets		28,830.00	28,830.00
County Taxes Payable	A-11	2,201.98	6,399.79
Regional District School Tax Payable	A-12	1,481,961.31	1,492,031.43
Interfunds:			
Other Trust Fund		22,130.28	22,130.28
General Capital Fund		185,000.00	185,000.00
Grant Fund	A-13	206,571.88	12,053.61
		<u>3,510,373.19</u>	<u>3,232,314.63</u>
Reserve for Receivables and Other Assets		920,904.12	950,486.94
Fund Balance	A-1	1,523,664.57	1,432,869.33
		<u>5,954,941.88</u>	<u>5,615,670.90</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-15	267,348.70	80,361.50
Reserve for Encumbrances	A-15	802.84	17,343.34
Unappropriated Reserves	A-16	2,076.18	
		<u>270,227.72</u>	<u>97,704.84</u>
		<u>\$ 6,225,169.60</u>	<u>\$ 5,713,375.74</u>

There were deferred school taxes on December 31, 2012 and 2011 of \$2,190,697.00 (Schedule A-12).

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 1 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,259,600.00	\$ 1,224,750.00
Miscellaneous Revenue Anticipated	A-2	1,580,352.41	1,311,650.20
Receipts from Delinquent Taxes	A-2	546,154.47	492,591.21
Receipts from Current Taxes	A-2	16,928,427.48	16,656,108.73
Non-Budget Revenues	A-2	182,996.88	147,943.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	704,414.83	718,655.47
Interfund Loans Returned			2,860.57
Payroll Balances Cancelled			153.23
Grants Cancelled	A-13	15,000.00	58,669.54
Total Income		<u>21,216,946.07</u>	<u>20,613,382.93</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		3,270,700.00	3,171,800.00
Other Expenses		3,541,531.00	3,323,522.00
Deferred Charges and Statutory Expenditures		651,614.00	659,639.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		60,000.00	50,153.00
Other Expenses		243,512.02	174,354.26
Capital Improvements		220,000.00	60,000.00
Municipal Debt Service		948,953.74	952,085.00
	A-3	<u>8,936,310.76</u>	<u>8,391,553.26</u>
Refund of Prior Year Revenues			355.86
Reserve for Sale of Municipal Assets			3,665.00
Prior Year Deductions Disallowed			2,250.00
County Taxes	A-11	3,486,572.54	3,426,586.53
Due County for Added and Omitted Taxes	A-11	2,201.98	6,399.79
Regional District School Taxes	A-12	7,441,465.55	7,459,218.50
Grants Receivable Cancelled			18,591.59
Total Expenditures		<u>19,866,550.83</u>	<u>19,308,620.53</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE Sheet 2 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Statutory Excess to Fund Balance		\$ 1,350,395.24	\$ 1,304,762.40
Fund Balance January 1	A	<u>1,432,869.33</u>	<u>1,352,856.93</u>
		2,783,264.57	2,657,619.33
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,259,600.00</u>	<u>1,224,750.00</u>
Fund Balance December 31	A	<u>\$ 1,523,664.57</u>	<u>\$ 1,432,869.33</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
		\$ 1,259,600.00	\$	\$ 1,259,600.00	\$
Fund Balance Anticipated	A-1				
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages	A-9	3,800.00		3,897.60	97.60
Fees and Permits	A-9	41,000.00		43,001.00	2,001.00
Fines and Costs					
Municipal Court	A-9	131,000.00		161,119.68	30,119.68
Interest and Costs on Taxes	A-5	90,000.00		90,233.10	233.10
Beach Badges and Parking Decals	A-9	6,800.00		5,830.00	(970.00)
Mercantile Licenses	A-9	8,000.00		8,575.00	575.00
State Aid:					
Consolidated Municipal Property Tax Relief	A-9	78,936.00		78,936.00	
Energy Receipts Tax	A-9	585,737.00		585,737.00	
Uniform Construction Code Fees	A-9	55,000.00		55,866.00	866.00
Shared Service Agreements:					
Borough of Island Heights	A-9	6,600.00		6,152.00	(448.00)
Borough of South Toms River	A-9	10,000.00		11,211.00	1,211.00
County of Ocean	A-9	4,616.00		4,412.80	(203.20)
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Clean Communities Program	A-13		17,348.35	17,348.35	
Community Development Block Grant	A-13		50,000.00	50,000.00	
Drunk Driving Enforcement Fund	A-13		4,576.67	4,576.67	
Municipal Alliance on Alcoholism and Drug Abuse	A-13		15,000.00	15,000.00	
Safe and Secure Communities Program	A-13		60,000.00	60,000.00	
NJ Transportation Trust Fund	A-13		160,000.00	160,000.00	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Uniform Fire Safety Act	A-9	\$ 2,600.00	\$	\$ 2,516.15	\$ (83.85)
Other Special Items:					
Lease for Mobile Telephone Cell Site	A-9	180,000.00		215,940.06	35,940.06
Total Miscellaneous Revenues	A-1	<u>1,204,089.00</u>	<u>306,925.02</u>	<u>1,580,352.41</u>	<u>69,338.39</u>
Receipts from Delinquent Taxes	A-1,7	530,000.00		546,154.47	16,154.47
Subtotal General Revenues		<u>2,993,689.00</u>	<u>306,925.02</u>	<u>3,386,106.88</u>	<u>85,492.86</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	6,629,003.05		6,990,869.98	361,866.93
Total General Revenues		<u>9,622,692.05</u>	<u>306,925.02</u>	<u>10,376,976.86</u>	<u>447,359.79</u>
Non-Budget Revenues	A-2			182,996.88	182,996.88
		<u>\$ 9,622,692.05</u>	<u>\$ 306,925.02</u>	<u>\$ 10,559,973.74</u>	<u>\$ 630,356.67</u>
	Ref.	A-3	A-3		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,7	\$ 16,928,427.48
Allocated to:		
School and County Taxes	A-11,12	<u>10,930,240.07</u>
Balance for Support of Municipal Budget Appropriations		5,998,187.41
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>992,682.57</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>6,990,869.98</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Revenue Accounts Receivable:		
Cable Television Franchise Fee		\$ 33,076.63
Administration Charge for Off Duty Police	\$ 6,205.00	
Cost of Advertising	2,058.49	
DMV Inspection Fees	8,242.50	
Freon Reclamation	1,040.00	
Health Benefits Reimbursement	41,736.51	
Impound Yard Fees	13,255.00	
Other	16,329.26	
Police Reports	2,133.85	
Refunds	26,174.64	
Refuse Containers	1,470.00	
Sale of Municipal Assets	8,175.00	
Shared Services - Borough of Pine Beach	<u>23,100.00</u>	
		<u>149,920.25</u>
	A-1,2	\$ <u><u>182,996.88</u></u>
Receipts	A-4	\$ 149,920.25
Revenue Accounts Receivable	A-9	<u>33,076.63</u>
		\$ <u><u>182,996.88</u></u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
OPERATIONS WITHIN CAPS						
General Government Functions						
Administrative and Executive						
Salaries and Wages	\$ 100.00	\$ 100.00	\$	\$ 100.00	\$	
Other Expenses	500.00	500.00		34.99	465.01	
Mayor and Council						
Salaries and Wages	53,000.00	53,000.00		49,842.05	3,157.95	
Other Expenses	2,500.00	2,500.00		1,120.00	1,380.00	
Municipal Clerk						
Salaries and Wages	53,500.00	53,500.00		52,668.72	831.28	
Other Expenses:						
Advertising and Public Relations	8,500.00	8,500.00		8,346.50	153.50	
Postage	14,000.00	14,000.00		10,500.00	3,500.00	
Miscellaneous Other Expenses	33,325.00	33,325.00		17,746.74	15,578.26	
Elections						
Other Expenses	4,000.00	4,000.00		888.28	3,111.72	
Financial Administration						
Salaries and Wages	63,000.00	60,000.00		56,388.02	3,611.98	
Other Expenses	46,100.00	46,100.00		36,219.74	9,880.26	
Audit Services						
Other Expenses	33,000.00	33,000.00		33,000.00		
Collection of Taxes						
Salaries and Wages	69,000.00	69,000.00		59,888.41	9,111.59	
Other Expenses:						
Miscellaneous Other Expenses	6,000.00	6,000.00		5,566.04	433.96	
Tax Sale Costs	1,500.00	1,500.00		1,500.00		
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	7,000.00	7,000.00			7,000.00	
Assessment of Taxes						
Salaries and Wages	28,000.00	28,000.00		25,645.51	2,354.49	
Other Expenses	2,175.00	2,175.00		1,875.00	300.00	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled			
	Budget			Paid or Charged	Reserved				
Legal Services and Costs	\$	96,000.00	\$	96,000.00	\$	70,556.31	\$	25,443.69	\$
Other Expenses									
Engineering Services and Costs									
Other Expenses		55,000.00		55,000.00		38,970.00		16,030.00	
Planning Board									
Salaries and Wages		16,000.00		16,000.00		13,588.70		2,411.30	
Other Expenses		10,222.00		10,222.00		1,482.44		8,739.56	
Environmental Commission									
Other Expenses		1,000.00		1,000.00		340.00		660.00	
Shade Tree Committee									
Other Expenses		250.00		250.00				250.00	
Insurance									
General Liability		91,000.00		91,000.00		91,000.00			
Workers Compensation		124,000.00		124,000.00		123,288.42		711.58	
Employee Group Insurance		1,328,979.00		1,328,979.00		1,239,228.69		89,750.31	
Unemployment Insurance		50.00		50.00				50.00	
<u>Public Safety Functions</u>									
Police									
Salaries and Wages:									
Chiefs and Officers		1,705,000.00		1,705,000.00		1,641,246.69		63,753.31	
Crossing Guards		35,000.00		35,000.00		20,523.38		14,476.62	
Other Expenses:									
Police Vehicle Acquisition		30,000.00		30,000.00		29,992.21		7.79	
Miscellaneous		85,580.00		85,580.00		58,591.81		26,988.19	
Office of Emergency Management									
Salaries and Wages		5,000.00		5,000.00		4,738.24		261.76	
Other Expenses		1,350.00		1,350.00		661.59		688.41	
Aid to Volunteer Fire Companies									
Other Expenses		46,170.00		46,170.00		46,054.21		115.79	
Aid to Volunteer Ambulance Companies									
Other Expenses		19,000.00		19,000.00		18,980.27		19.73	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Reserved	Reserved	
Municipal Court	\$ 102,000.00	\$ 105,000.00	\$ 104,066.17	\$ 933.83	\$	
Salaries and Wages	8,000.00	8,000.00	4,459.49	3,540.51		
Other Expenses						
Uniform Fire Safety Act Fire Official						
Salaries and Wages	19,000.00	19,000.00	16,366.43	2,633.57		
Other Expenses	3,950.00	3,950.00	3,412.59	537.41		
Fire Services Program						
Fire Hydrant Services	12,600.00	12,600.00	12,600.00			
P.E.O.S.H.A.	17,200.00	17,200.00	17,199.40	.60		
Municipal Prosecutor						
Other Expenses	17,950.00	17,950.00	16,632.00	1,318.00		
<u>Public Works Functions</u>						
Streets and Roads Maintenance						
Salaries and Wages	35,500.00	35,500.00	28,661.58	6,838.42		
Other Expenses	25,950.00	25,950.00	11,124.19	14,825.81		
Snow Removal						
Other Expenses	10,000.00	10,000.00	6,000.00	4,000.00		
Other Public Works Functions						
Salaries and Wages	135,200.00	135,200.00	57,118.73	78,081.27		
Other Expenses	10,000.00	10,000.00	5,349.03	4,650.97		
Solid Waste Collection						
Salaries and Wages	385,500.00	385,500.00	362,399.48	23,100.52		
Other Expenses	24,050.00	24,050.00	3,261.07	20,788.93		
Recycling Program						
Salaries and Wages	131,000.00	133,000.00	127,994.17	5,005.83		
Other Expenses	26,000.00	24,000.00	12,989.11	11,010.89		
Buildings and Grounds						
Salaries and Wages	197,000.00	197,000.00	171,423.61	25,576.39		
Other Expenses	77,740.00	77,740.00	67,074.50	10,665.50		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Equipment Maintenance	\$ 99,500.00	\$ 101,500.00	\$ 100,765.50	\$ 734.50	\$
Salaries and Wages	75,200.00	73,200.00	68,328.58	4,871.42	
Other Expenses					
P.E.O.S.H.A.					
Public Works					
Other Expenses	1,000.00	1,000.00		1,000.00	
<u>Health and Human Services</u>					
Animal Control Services					
Other Expenses	11,000.00	11,000.00	5,256.42	5,743.58	
<u>Park and Recreation Functions</u>					
Board of Recreation Commissioners					
Salaries and Wages	1,000.00	1,000.00	862.16	137.84	
Other Expenses	3,000.00	3,000.00	2,960.81	39.19	
Maintenance of Parks and Playgrounds					
Other Expenses	2,715.00	2,715.00	2,578.09	136.91	
Lifeguards and Special Officers					
Salaries and Wages	13,000.00	13,000.00	11,865.67	1,134.33	
Other Expenses	500.00	500.00	168.26	331.74	
Beach Maintenance					
Other Expenses	3,100.00	3,100.00	795.00	2,305.00	
<u>Education Functions</u>					
Participation in Free County Library					
Other Expenses	5,000.00	5,000.00	5,000.00		
<u>Other Common Operating Functions</u>					
Celebration of Public Events					
Other Expenses	475.00	475.00	336.41	138.59	
<u>Solid Waste Disposal Costs</u>					
Disposal Costs					
Other Expenses	608,250.00	568,250.00	463,070.40	105,179.60	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Uniform Construction Code - Appropriations Offset by</u>						
<u>Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>						
Code Enforcement and Zoning Officer						
Salaries and Wages	\$ 22,000.00	\$ 22,000.00	\$ 20,440.77	\$ 1,559.23	\$	
Other Expenses	2,650.00	2,650.00	1,820.47	829.53		
Construction Official						
Salaries and Wages	98,400.00	98,400.00	98,400.00		848.00	
Other Expenses	1,000.00	1,000.00	152.00			
<u>Unclassified</u>						
Utilities:						
Electricity	165,000.00	165,000.00	146,695.57	18,304.43		
Street Lighting	98,000.00	98,000.00	70,132.64	27,867.36		
Telephone and Telegraph	42,000.00	42,000.00	26,352.09	15,647.91		
Natural Gas	35,000.00	35,000.00	22,205.00	12,795.00		
Gasoline, Diesel Fuel and Oil	190,000.00	240,000.00	219,442.74	20,557.26		
Cell Telephones	11,000.00	11,000.00	11,000.00			
Salary and Wage Adjustment	10,000.00					
Total Operations within Caps	<u>6,812,231.00</u>	<u>6,812,231.00</u>	<u>6,067,233.09</u>	<u>744,997.91</u>		
Detail:						
Salaries and Wages	3,276,700.00	3,270,700.00	3,024,893.99	245,806.01		
Other Expenses	<u>3,535,531.00</u>	<u>3,541,531.00</u>	<u>3,042,339.10</u>	<u>499,191.90</u>		
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>						
Contribution to:						
Social Security System	265,000.00	265,000.00	249,235.25	15,764.75		
Defined Contribution Retirement Program	1,250.00	1,250.00	652.73	597.27		
Public Employees Retirement System	112,629.00	112,629.00	112,628.00	1.00		
Police and Firemen's Retirement System of NJ	272,735.00	272,735.00	272,735.00			
Total Statutory Expenditures within Caps	<u>651,614.00</u>	<u>651,614.00</u>	<u>635,250.98</u>	<u>16,363.02</u>		
Total Appropriations within Caps	<u>7,463,845.00</u>	<u>7,463,845.00</u>	<u>6,702,484.07</u>	<u>761,360.93</u>		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Employee Group Insurance (P.L. 2007, Chap. 62)	\$ 96,021.00	\$ 96,021.00	\$ 96,021.00		\$
LOSAP					
Other Expenses	33,750.00	33,750.00	33,750.00		
Disposal Costs (P.L. 2007, Ch 311)					
Other Expenses	1,850.00	1,850.00	1,850.00		
<u>Shared Services Agreements</u>					
Borough of Island Heights					
Sub-Code Official Services	6,600.00	6,600.00	5,982.80	617.20	
Borough of South Toms River					
Sub-Code Official Services	10,000.00	10,000.00	8,704.40	1,295.60	
County of Ocean					
966 Program	4,616.00	4,616.00	4,412.80	203.20	
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities Program					
Community Development Block Grant		17,348.35	17,348.35		
Drunk Driving Enforcement Fund		50,000.00	50,000.00		
Municipal Alliance Grant		4,576.67	4,576.67		
State Share		15,000.00	15,000.00		
Local Share	3,750.00	3,750.00	3,750.00		
Safe and Secure Communities Program					
Police					
Salaries and Wages		60,000.00	60,000.00		
Total Operations excluded from Caps	<u>156,587.00</u>	<u>303,512.02</u>	<u>301,396.02</u>	<u>2,116.00</u>	
Detail:					
Salaries and Wages		60,000.00	60,000.00		
Other Expenses	<u>156,587.00</u>	<u>243,512.02</u>	<u>241,396.02</u>	<u>2,116.00</u>	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	Appropriated		Expended	Unexpended Balance Cancelled
	Budget	Budget After Modification		
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>				
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$	\$
Landfill Closure	10,000.00	10,000.00		
New Jersey Transportation Trust Fund Act		160,000.00		
Total Capital Improvements excluded from Caps	<u>60,000.00</u>	<u>220,000.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>				
Payment of Bond Principal	595,000.00	595,000.00		
Interest on Bonds	310,000.00	310,000.00		136.24
Green Trust Loan Program				
Principal	8,656.84	8,656.84		
Interest	670.64	670.64		
New Jersey Economic Development Authority				
Municipal Infrastructure Loan Program				
Principal	33,750.00	33,750.00		
Interest	1,500.00	1,500.00		487.50
Total Municipal Debt Service excluded from Caps	<u>949,577.48</u>	<u>949,577.48</u>		<u>623.74</u>
Total General Appropriations excluded from Caps	<u>1,166,164.48</u>	<u>1,473,089.50</u>	<u>2,116.00</u>	<u>623.74</u>
Subtotal General Appropriations	8,630,009.48	8,936,934.50	763,476.93	623.74
Reserve for Uncollected Taxes	<u>992,682.57</u>	<u>992,682.57</u>		
Total General Appropriations	<u>\$ 9,622,692.05</u>	<u>\$ 9,929,617.07</u>	<u>\$ 9,165,516.40</u>	<u>\$ 623.74</u>
<u>Ref.</u>		A-1	A-3	A-1
Budget		\$ 9,622,692.05		
Appropriation by 40A:4-87		<u>306,925.02</u>		
		<u>\$ 9,929,617.07</u>		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	<u>Ref.</u>	<u>Expended Paid or Charged</u>
Disbursements	A-4	\$ 7,536,449.16
Reserve for:		
Uncollected Taxes	A-2	992,682.57
Encumbrances	A	325,709.65
Interfunds:		
Grant Fund	A-13	<u>310,675.02</u>
	A-3	<u>\$ 9,165,516.40</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - TRUST FUNDS

Exhibit B

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 1,470.28	\$ 2,555.80
<u>Other Trust</u>			
Cash	B-1	1,400,734.36	1,447,982.54
Interfund - Current Fund		22,130.28	22,130.28
		<u>1,422,864.64</u>	<u>1,470,112.82</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-5	<u>174,553.06</u>	<u>150,991.95</u>
		\$ <u>1,598,887.98</u>	\$ <u>1,623,660.57</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Animal Control Licenses	B-1,3	\$ 666.40	\$ 1,387.20
Due State of New Jersey	B-2	123.60	307.80
Reserve for Expenditures	B-3	605.88	786.40
Interfund - Current Fund		74.40	74.40
		<u>1,470.28</u>	<u>2,555.80</u>
<u>Other Trust</u>			
Miscellaneous Reserves	B-4	<u>1,422,864.64</u>	<u>1,470,112.82</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-5	<u>174,553.06</u>	<u>150,991.95</u>
		\$ <u>1,598,887.98</u>	\$ <u>1,623,660.57</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - GENERAL CAPITAL FUND

Exhibit C

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	C-2	\$ 816,449.84	\$ 1,248,598.55
Deferred Charges to Future Taxation:			
Funded	C-4	8,703,778.59	9,341,185.43
Unfunded	C-5	3,100,750.00	1,224,500.00
Interfund - Current Fund	C-7	185,000.00	185,000.00
		<u>\$ 12,805,978.43</u>	<u>\$ 11,999,283.98</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-6	\$ 2,269.75	\$ 51,019.75
Interfund - Water Utility Capital Fund	C-7		385,955.00
Improvement Authorizations:			
Funded	C-8	1,148,620.35	1,196,314.83
Unfunded	C-8	2,336,870.41	987,992.63
Serial Bonds	C-9	8,643,000.00	9,238,000.00
Loans Payable	C-10	60,778.59	103,185.43
Bond Anticipation Notes	C-11	536,500.00	
Reserve for Insurance Proceeds	C-2	40,845.34	
Fund Balance	C-1	37,093.99	36,816.34
		<u>\$ 12,805,978.43</u>	<u>\$ 11,999,283.98</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$2,564,250.00 and \$1,224,500.00, respectively (Schedule C-12).

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2011	<u>Ref.</u> C	\$ 36,816.34
Increased by:		
Premium on Sale of Notes:		
Receipts	C-2	<u>277.65</u>
Balance December 31, 2012	C	<u>\$ 37,093.99</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - WATER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 1,176,806.36	\$ 1,556,408.35
Cash - Change Fund		200.00	200.00
		<u>1,177,006.36</u>	<u>1,556,608.35</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	212,104.97	177,808.39
Other Receivables:			
Interfunds:			
Water Utility Capital Fund		1,221,826.64	1,221,826.64
Total Operating Fund		<u>2,610,937.97</u>	<u>2,956,243.38</u>
Capital Fund:			
Cash	D-5	1,873,278.46	266,698.20
Interfund - General Capital Fund	D-5		385,955.00
N.J. Environmental Infrastructure:	D-5	494,960.00	524,512.00
Fixed Capital	D-8	6,208,075.11	6,208,075.11
Fixed Capital Authorized and Uncompleted	D-9	8,720,000.00	7,995,000.00
Total Capital Fund		<u>17,296,313.57</u>	<u>15,380,240.31</u>
		<u>\$ 19,907,251.54</u>	<u>\$ 18,336,483.69</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Accounts Payable	D-2,4,10	\$ 19,500.00	\$ 10,600.00
Appropriation Reserves	D-4,10	309,561.63	331,004.73
Reserve for Encumbrances	D-4,10	249,794.30	242,144.43
Prepaid Rents	D-5,7	27,557.98	44,266.56
Rent Overpayments	D-5,7	294.57	3,981.37
Accrued Interest on Bonds, Loans and Notes	D-11	106,108.05	112,126.71
		<u>712,816.53</u>	<u>744,123.80</u>
Reserve for Receivables		212,104.97	177,808.39
Fund Balance	D-1	1,686,016.47	2,034,311.19
Total Operating Fund		<u>2,610,937.97</u>	<u>2,956,243.38</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - WATER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Capital Fund:			
Interfund - Water Utility Operating Fund		\$ 1,221,826.64	\$ 1,221,826.64
Capital Improvement Fund	D-12	54,450.00	51,550.00
Improvement Authorizations:			
Funded	D-13	663,478.30	698,059.55
Unfunded	D-13	1,226,395.98	1,064,571.00
Reserve for Amortization	D-14	5,581,030.11	5,448,180.11
Deferred Reserve for Amortization	D-15	775,273.08	505,367.73
Serial Bonds	D-16	2,615,000.00	2,835,000.00
Bond Anticipation Notes	D-19	1,785,000.00	
N.J. Environmental Infrastructure:			
Trust Loan	D-17	1,790,000.00	1,870,000.00
Fund Loan	D-18	1,540,471.92	1,643,227.27
Fund Balance	D-2	43,387.54	42,458.01
Total Capital Fund		<u>17,296,313.57</u>	<u>15,380,240.31</u>
		<u>\$ 19,907,251.54</u>	<u>\$ 18,336,483.69</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$841,300.00 and \$1,901,300.00, respectively. (Schedule D-20).

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 964,786.00	\$ 988,500.00
Water Rents	D-3	1,554,742.98	1,602,074.03
Fire Hydrant Services	D-3	12,600.00	12,600.00
Miscellaneous Revenue Anticipated	D-3	34,950.82	37,172.17
Other Credits to Income:			
Accounts Payable Cancelled		6,650.00	
Unexpended Balance of Appropriation Reserves	D-10	484,689.61	494,192.11
Total Income		<u>3,058,419.41</u>	<u>3,134,538.31</u>
<u>Expenditures</u>			
Operating		1,690,000.00	1,594,080.00
Capital Improvements		127,900.00	152,900.00
Debt Service		493,942.13	612,607.86
Deferred Charges and Statutory Expenditures		130,086.00	133,120.00
Total Expenditures	D-4	<u>2,441,928.13</u>	<u>2,492,707.86</u>
Excess in Revenue		616,491.28	641,830.45
Fund Balance January 1	D	2,034,311.19	2,380,980.74
		<u>2,650,802.47</u>	<u>3,022,811.19</u>
Decreased by:			
Utilization by Water Operating Budget	D-1	<u>964,786.00</u>	<u>988,500.00</u>
Fund Balance December 31	D	<u>\$ 1,686,016.47</u>	<u>\$ 2,034,311.19</u>

WATER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Exhibit D-2

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 42,458.01
Increased by:		
Premium on Sale of Notes - Receipts	D-5	<u>929.53</u>
Balance December 31, 2012	D	<u>\$ 43,387.54</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ <u>964,786.00</u>	\$ <u>964,786.00</u>	\$ <u> </u>
Miscellaneous	D-1,3	37,000.00	34,950.82	(2,049.18)
Fire Hydrant Service	D-1,5	12,600.00	12,600.00	
Rents	D-1,7	<u>1,550,000.00</u>	<u>1,554,742.98</u>	<u>4,742.98</u>
		<u>1,599,600.00</u>	<u>1,602,293.80</u>	<u>2,693.80</u>
		\$ <u>2,564,386.00</u>	\$ <u>2,567,079.80</u>	\$ <u>2,693.80</u>
	<u>Ref.</u>	D-4		
<u>Analysis of Miscellaneous Revenue</u>				
Connection Fees			\$ 4,400.00	
Interest on Investments			1,749.82	
Other			<u>28,801.00</u>	
	D-3,5		\$ <u>34,950.82</u>	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Operating	\$ 695,000.00	\$	695,000.00	\$ 544,831.03	\$ 150,168.97	\$
Salaries and Wages	995,000.00		995,000.00	886,476.14	108,523.86	
Other Expenses						
Capital Improvements	2,900.00		2,900.00	2,900.00		
Capital Improvement Fund	125,000.00		125,000.00	98,669.29	26,330.71	
Capital Outlay						
Debt Service						
Payment of Bond Principal	220,000.00		220,000.00	220,000.00		
Interest on Bonds	117,900.00		117,900.00	108,275.54		9,624.46
Infrastructure Loans:						
Principal	183,000.00		183,000.00	114,297.47		68,702.53
Interest	95,500.00		95,500.00	51,369.12		44,130.88
Deferred Charges and Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	75,086.00		75,086.00	75,086.00		
Social Security System	52,000.00		52,000.00	30,461.91	21,538.09	
Unemployment Compensation Insurance	3,000.00		3,000.00	3,000.00		
	<u>\$ 2,564,386.00</u>		<u>\$ 2,564,386.00</u>	<u>\$ 2,132,366.50</u>	<u>\$ 309,561.63</u>	<u>\$ 122,457.87</u>
	Ref.	D-3	D-1	D	D-1	
Reserve for Encumbrances				\$ 249,794.30		
Disbursements				1,722,927.54		
Accrued Interest on Bonds, Notes and Loans				159,644.66		
				<u>\$ 2,132,366.50</u>		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - PAYROLL FUND

Exhibit G

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>			
Cash	G-1	\$ 29,043.09	\$ 7,063.45
Accounts Receivable	G-2		268.34
		<u>\$ 29,043.09</u>	<u>\$ 7,331.79</u>
<u>Liabilities</u>			
Interfund - Current Fund	G-2	\$ 2,852.77	\$ 2,852.77
Payroll Deductions Payable	G-2	<u>26,190.32</u>	<u>4,479.02</u>
		<u>\$ 29,043.09</u>	<u>\$ 7,331.79</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 20,288,400.00	\$ 20,288,400.00
Buildings	3,570,658.00	3,554,008.63
Improvements - Other than Buildings	1,693,568.00	1,693,568.34
Machinery and Equipment	<u>6,019,442.00</u>	<u>5,757,036.58</u>
	<u>\$ 31,572,068.00</u>	<u>\$ 31,293,013.55</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 31,572,068.00</u>	<u>\$ 31,293,013.55</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Beachwood, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Regional Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The financial statements of the Beachwood Sewerage Authority are reported separately.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

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

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

Animal Control Trust Fund - animal control license revenues and expenditures.

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

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Water Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water supply system from user fees.

Water Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water capital facilities, other than those acquired through the Water Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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

C. Basis of Accounting

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2012 is set forth in Note 4.

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

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

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

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

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

GAAP does not require utilization of a general fixed asset account group.

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

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

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

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

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water Utility Fund are not depreciated. Principal payments for Water Utility debt are recorded as expenditures in the Water Utility Statement of Operations.

During 2012 and 2011 the following changes occurred in the fixed assets of the Borough:

	Balance Jan. 1, 2012	Expended from Current or Capital Fund	Balance Dec. 31, 2012
General Fixed Assets Account Group:			
Land	\$ 20,288,400	\$	\$ 20,288,400
Buildings	3,554,008	16,650	3,570,658
Improvements - Other than Buildings	1,693,568		1,693,568
Machinery and Equipment	5,757,038	262,404	6,019,442
Water Utility Fund:			
Fixed Capital	6,208,075		6,208,075
Fixed Capital Authorized and Uncompleted	7,995,000	725,000	8,720,000
	<u>\$ 45,496,089</u>	<u>\$ 1,004,054</u>	<u>\$ 46,500,143</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Utility Fixed Assets (Continued)

	<u>Balance Jan. 1, 2011</u>	<u>Expended from Current or Capital Fund</u>	<u>Transfers</u>	<u>Balance Dec. 31, 2011</u>
General Fixed Assets Account Group:				
Land	\$ 20,288,400	\$	\$	\$ 20,288,400
Buildings	3,554,008			3,554,008
Improvements - Other than Buildings	1,693,568			1,693,568
Machinery and Equipment	5,436,760	320,278		5,757,038
Water Utility Fund:				
Fixed Capital	6,033,075		175,000	6,208,075
Fixed Capital Authorized and Uncompleted	8,170,000		(175,000)	7,995,000
	<u>\$ 45,175,811</u>	<u>\$ 320,278</u>	<u>\$</u>	<u>\$ 45,496,089</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$10,355,319 and the bank balance amount was \$10,576,458. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the \$10,268,418. An amount of \$58,040 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

B. Investments (Continued)

- a. (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2012.

C. Cash Management Plan

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 250,000	\$ 250,166
GUDPA	10,268,418	9,090,547
Escrow Deposits	<u>58,040</u>	<u>72,101</u>
	\$ <u>10,576,458</u>	\$ <u>9,412,814</u>

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund

Serial Bonds

3.00% to 4.00% General Improvement Bonds issued April 28,
2010, installment maturities to April 1, 2024 \$ 8,643,000

The bonds mature serially to 2024. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 605,000	\$ 291,864
2014	615,000	273,563
2015	635,000	254,814
2016	650,000	235,538
2017	675,000	215,663
2018	695,000	193,376
2019	720,000	168,614
2020	750,000	142,513
2021	775,000	114,967
2022	810,000	84,720
2023	840,000	51,720
2024	<u>873,000</u>	<u>17,460</u>
	\$ <u>8,643,000</u>	\$ <u>2,044,812</u>

Green Trust Loan Program

The Borough has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The loan for boardwalk reconstruction for \$150,000 was finalized on June 30, 1995. The Borough must repay the loan in semi-annual installments over twenty years. The balance December 31, 2012 was \$27,028. Loan payments are due through 2015.

Debt service requirements during the next three fiscal years is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 8,831	\$ 497
2014	9,008	319
2015	<u>9,189</u>	<u>137</u>
	\$ <u>27,028</u>	\$ <u>953</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Municipal Complex Loan

The Borough has a low interest loan (1.5%) from the State of New Jersey. The loan for the construction of a new municipal complex for \$675,000 was finalized on February 16, 1994. The Borough must repay the loan in installments over twenty years. The balance December 31, 2012 was \$33,750. Loan payments are due through 2013.

Debt service requirements during the next year is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ <u>33,750</u>	\$ <u>506</u>

Water Utility Capital Fund

Serial Bonds

7.10% to 7.75% Water Utility Refunding Bonds issued May 1, 1989, installment maturities to May 1, 2014	\$ 260,000
3.00% to 4.15% Water Utility Bonds issued April 28, 2010, installment maturities to April 1, 2029	<u>2,355,000</u>
	\$ <u>2,615,000</u>

The bonds mature serially to the year 2029. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 230,000	\$ 105,826
2014	240,000	92,989
2015	110,000	79,301
2016	115,000	75,926
2017	115,000	72,476
2018	120,000	68,651
2019	125,000	64,364
2020	130,000	59,836
2021	135,000	55,049
2022	140,000	49,803
2023	145,000	44,102
2024	150,000	38,203
2025		35,202
2026	325,000	28,703
2027		22,202
2028		22,203
2029	<u>535,000</u>	<u>11,102</u>
	\$ <u>2,615,000</u>	\$ <u>925,938</u>

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

New Jersey Environmental Infrastructure Program

The Borough has four loans with the New Jersey Environmental Infrastructure Program to fund water system improvements. The first loan from the New Jersey Infrastructure Fund amounting to \$292,644 is payable semi-annually until 2024 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$290,000 is payable semi-annually until 2024 with interest from 4% to 5%. The third and fourth loans were issued during 2008. The balance as of December 31, 2012, for the Trust and Fund Loans was \$1,870,000 and \$1,643,227, respectively. The Trust and Fund Loans are payable semi-annually until 2028 with interest from 5% to 5.5% for the Trust Loan and no interest for the Fund Loan. A balance of \$494,960 is still available to borrow. Any funds which are not borrowed will result in a decrease to the funds due back to the New Jersey Environmental Infrastructure Program. The aggregate debt service requirements during the next five fiscal years and thereafter (subject to change if all available funds are not borrowed) are as follows:

<u>Year</u>	<u>Infrastructure Fund</u>		<u>Infrastructure Trust</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 100,397	\$ -0-	\$ 80,000	\$ 91,019
2014	100,928	-0-	85,000	87,019
2015	98,522	-0-	85,000	82,919
2016	99,004	-0-	90,000	78,819
2017	99,343	-0-	95,000	74,469
2018	99,441	-0-	100,000	69,719
2019	102,595	-0-	110,000	64,718
2020	102,113	-0-	115,000	58,994
2021	101,343	-0-	120,000	52,768
2022	100,414	-0-	125,000	46,269
2023	99,326	-0-	130,000	39,493
2024	101,375	-0-	140,000	32,594
2025	84,243	-0-	120,000	25,750
2026	83,665	-0-	125,000	19,750
2027	85,832	-0-	135,000	13,500
2028	81,931	-0-	135,000	6,750
Total	\$ <u>1,540,472</u>	\$ <u>None</u>	\$ <u>1,790,000</u>	\$ <u>844,550</u>

B. Short-Term Debt

On December 31, 2012 the Borough's outstanding Bond Anticipation Notes were as follows:

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
10-11	Various Capital Improvements	\$180,250	1.00%
11-05	Various Capital Improvements	<u>356,250</u>	1.00%
		<u>\$ 536,500</u>	

Water Utility Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
10-10	Replacement of Well No. 5, Replacement of Various Water Mains and Related Improvements	<u>\$ 1,785,000</u>	1.00%

C. Bonds and Notes Authorized but not Issued

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

	<u>2012</u>	<u>2011</u>
General Capital Fund	\$ 2,564,250	\$ 1,224,500
Water Utility Capital Fund	841,300	1,901,300

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2012 was 1.222%. The Borough's remaining borrowing power is 2.278%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Service

During 2012 and 2011 the following changes occurred in the outstanding debt of the Borough:

NOTE 3. DEBT (CONTINUED)

E. Summary of Debt Service (Continued)

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Debt:				
Serial Bonds	\$ 9,238,000	\$	\$ 595,000	\$ 8,643,000
Bond Anticipation Notes		536,500		536,500
Loans Payable	103,185		42,407	60,778
Water Utility Fund Debt:				
Serial Bonds	2,835,000		220,000	2,615,000
Bond Anticipation Notes		1,785,000		1,785,000
Loans Payable	3,513,227		182,755	3,330,472
	<u>\$ 15,689,412</u>	<u>\$ 2,321,500</u>	<u>\$ 1,040,162</u>	<u>\$ 16,970,750</u>

	<u>Balance</u> <u>Jan. 1, 2011</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
General Debt:			
Serial Bonds	\$ 9,818,000	\$ 580,000	\$ 9,238,000
Loans Payable	145,422	42,237	103,185
Water Utility Fund Debt:			
Serial Bonds	3,040,000	205,000	2,835,000
Loans Payable	3,656,725	143,498	3,513,227
	<u>\$ 16,660,147</u>	<u>\$ 970,735</u>	<u>\$ 15,689,412</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$675,646 and \$682,040 at December 31, 2012 and 2011, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2012</u>	<u>2011</u>
Current Fund	\$ 1,305,000	\$ 1,259,600
Water Utility Fund	970,706	964,786

NOTE 6. TAXES COLLECTED IN ADVANCE

Taxes and water rents collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Prepaid Taxes	\$ 156,974	\$ 164,528
Prepaid Water Rents	27,558	44,267

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits ("the Division"): the Police and Firemen's Retirement System ("the PFRS"), the Public Employees' Retirement System ("the PERS") or the Defined Contribution Retirement Program ("the DCRP"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police and Firemen's Retirement System (PFRS)

The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

NOTE 9. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The DCRP was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. Plan members are required to contribute 5.5% of their annual covered salary and the Borough is required to contribute 3% of the annual salary. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were two Borough employees enrolled in the DCRP for the years ended December 31, 2012, 2011 and 2010.

Other Information

The Borough's contributions, equal to the required contribution for each fiscal year, were as follows:

	2012			2011			2010		
	PERS	PFRS	DCRP	PERS	PFRS	DCRP	PERS	PFRS	DCRP
Normal Contribution	\$ 58,824	\$ 143,016	\$ 653	\$ 69,990	\$ 163,879	\$ 533	\$ 54,627	\$ 151,688	\$ 412
Accrued Liability	117,647	118,458		111,524	102,094		70,189	84,760	
Total Regular Pension Contribution	<u>176,471</u>	<u>261,474</u>	<u>653</u>	<u>181,514</u>	<u>265,973</u>	<u>533</u>	<u>124,816</u>	<u>236,448</u>	<u>412</u>
Non-Contributory Group Life Insurance	11,243	11,261		13,786	15,236		17,309	15,645	
Total Due	<u>\$ 187,714</u>	<u>\$ 272,735</u>	<u>\$ 653</u>	<u>\$ 195,300</u>	<u>\$ 281,209</u>	<u>\$ 533</u>	<u>\$ 142,125</u>	<u>\$ 252,093</u>	<u>\$ 412</u>

The Division does not invest in securities issued by the Borough.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides post-retirement health care benefits and life insurance, in accordance with various contractual agreements, to employees who retire from the Borough meeting certain eligibility requirements. Currently, two retirees meet those requirements. Expenditures for post-retirement health care benefits are recognized when the insurance premiums are charged to the budget. During 2012 and 2011, expenditures of \$188,614 and \$144,755, respectively, were recognized for post-retirement health care.

GASB 45 requires certain disclosures regarding other post-employment benefits. The Borough does not have the information available for the required disclosure.

NOTE 11. SCHOOL TAXES

Regional District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Regional District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 3,672,658	\$ 3,682,728
Deferred	<u>2,190,697</u>	<u>2,190,697</u>
Tax Payable	\$ <u>1,481,961</u>	\$ <u>1,492,031</u>

NOTE 12. 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. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,927	\$ 413,702
Grant Fund	206,572	
Animal Control Trust Fund		74
Other Trust Fund	22,130	
General Capital Fund	185,000	
Water-Sewer Utility Operating Fund	1,221,827	
Water-Sewer Utility Capital Fund		1,221,827
Payroll Fund	<u> </u>	<u>2,853</u>
	<u>\$ 1,638,456</u>	<u>\$ 1,638,456</u>

NOTE 14. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2012, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

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

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

NOTE 15. SERVICE CONTRACT - SEWERAGE AUTHORITY

The Borough adopted an ordinance dated September 6, 1972, providing for a service contract between the Borough and the Beachwood Sewerage Authority (the "Authority"), which, among other things, obligates the Borough to pay to the Authority such sums of money as may be necessary to provide for deficits which result from failure of the Authority to provide adequate revenues from the operations of the Authority.

The Authority has been self-sustaining since its inception resulting in no payments having ever been made by the Borough to the Authority to cover operating deficits.

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$750 per year of active fire department service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2003.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the fire department organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each fire department organization shall provide to the Borough Administrator or Borough Clerk, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED
(CONTINUED)

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the fire department organization as an active volunteer member. Any active volunteer member who terminates service with the fire department organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 17. SUBSEQUENT EVENT - DEBT AUTHORIZED

The Borough adopted the following ordinance in 2013 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
13-01	General Capital: Repair and Reconstruction of the Dock and Marina Area	\$ 308,750
13-08	Various Equipment and Improvements	850,000
13-07	Water Utility Capital: Water Utility Improvements	500,000

BOROUGH OF BEACHWOOD

COUNTY OF OCEAN

PART II

SUPPLEMENTARY DATA

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2012

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2012</u> \$ <u>1.724</u>	<u>2011</u> \$ <u>1.690</u>	<u>2010</u> \$ <u>1.635</u>
Apportionment of Tax Rate			
Municipal	.650	.622	.585
County	.344	.337	.334
Regional School District	.730	.731	.716
Assessed Valuation			
2012	\$ 1,018,811,559		
2011		\$1,019,970,687	
2010			\$ 1,020,998,700

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2012	\$ 17,577,539	\$ 16,928,427	96.30%
2011	17,269,528	16,656,109	96.44%
2010	16,731,824	16,173,953	96.66%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$ 50,064	\$ 514,925	\$ 564,989	3.21%
2011	34,336	559,118	593,454	3.44%
2010	632	520,718	521,350	3.12%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 337,388
2011	337,388
2010	337,388

COMPARISON OF WATER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2012	\$ 1,589,040	\$ 177,808	\$ 1,554,743
2011	1,597,331	182,551	1,602,074
2010	1,756,771	147,424	1,721,643

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2012	\$ 1,523,665	\$ 1,305,000
2011	1,432,869	1,259,000
2010	1,352,857	1,224,750
2009	1,159,989	1,100,000
2008	1,227,205	1,181,562
<u>Water Utility Operating Fund</u>		
2012	\$ 1,686,016	\$ 970,706
2011	2,034,311	964,786
2010	2,380,981	988,500
2009	2,083,955	695,000
2008	1,659,670	475,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 9,240,278	\$ 9,341,185	\$ 9,963,422
Water Utility:			
Bonds, Notes and Loans	<u>7,730,472</u>	<u>6,348,227</u>	<u>6,696,725</u>
Total Issued	<u>16,970,750</u>	<u>15,689,412</u>	<u>16,660,147</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	2,564,250	1,224,500	868,250
Water Utility:			
Bonds and Notes	<u>841,300</u>	<u>1,901,300</u>	<u>1,923,585</u>
Total Authorized but not Issued	<u>3,405,550</u>	<u>3,125,800</u>	<u>2,791,835</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>20,376,300</u>	\$ <u>18,815,212</u>	\$ <u>19,451,982</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.222%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 3,474,228	\$ 3,474,228	\$
Water Utility Debt	8,571,772	8,571,772	-0-
General Debt	<u>11,804,529</u>	<u>-0-</u>	<u>11,804,529</u>
	\$ <u>23,850,529</u>	\$ <u>12,046,000</u>	\$ <u>11,804,529</u>

Net Debt \$11,804,529 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$966,044,026 = 1.222%.

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

3.5% of Equalized Valuation Basis (Municipal) Net Debt	\$ 33,811,541 <u>11,804,529</u>
Remaining Borrowing Power	\$ <u>22,007,012</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other		
Charges for Year		\$ 2,567,080
Deductions:		
Operating and Maintenance Cost	\$ 1,820,086	
Debt Service per Water Account	<u>493,942</u>	
Total Deductions		<u>2,314,028</u>
Excess in Revenue		\$ <u>253,052</u>

The forgoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Ronald R. Roma, Jr.	Mayor	
Beverly Clayton	Council President	
Gregory Feeney	Councilman	
Steven Komsa	Councilman	
Gerald LaCrosse	Councilman	
Thomas Miserendino	Councilman (from 2/01/2012)	
Edward Zakar	Councilman	
Elizabeth Mastropasqua	Borough Clerk, Deputy Treasurer and Assessment Search Officer	
John V. Mauder	Chief Financial Officer	
Elizabeth Sarantinoudis	Treasurer	*
Wendy Prior	Tax Collector	*
Donna LeMore	Senior Cashier, Water Accounts Clerk	*
Damian G. Murray	Magistrate	*
Linda L. Felton	Court Administrator	*
Lesley Kirschgessner	Deputy Court Administrator	

* There was a Statutory Position Bond in the amount of \$1,000,000 (\$1,000 deductible) carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$50,000 (\$2,500 deductible) for Borough employees carried by the Ocean County Municipal Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$950,000 for Borough employees carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Officials Bond" in the amount of \$1,000,000 carried by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 4,662,453.96
Increased by Receipts:		
Tax Collector	\$ 17,476,159.08	
State of New Jersey (Ch. 20, P.L. 1971)	121,250.00	
Revenue Accounts Receivable	1,216,270.92	
Interfund - Grant Fund	330,996.59	
Due to State:		
Marriage Licenses	1,275.00	
Construction Fees	6,189.00	
Due for Performance of Ceremony	400.00	
Petty Cash	2,730.00	
Miscellaneous Revenue not Anticipated	149,920.25	
		<u>19,305,190.84</u>
		23,967,644.80
Decreased by Disbursements:		
Budget Appropriations	7,536,449.16	
Appropriation Reserves	289,298.90	
County Taxes Payable	3,492,972.33	
Regional School District Tax	7,451,535.67	
Interfund - Grant Fund	125,228.32	
Accounts Payable	23,295.00	
Tax Overpayments	4,690.96	
Petty Cash	2,500.00	
Due to State:		
Marriage Licenses	1,250.00	
Construction Fees	6,486.70	
Due for Performance of Ceremony	400.00	
		<u>18,934,107.04</u>
Balance December 31, 2012		\$ <u><u>5,033,537.76</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF CURRENT CASH - TAX COLLECTOR

Increased by Receipts:			
Taxes Receivable	\$ 17,187,768.67		
Tax Overpayments	41,183.03		
Prepaid Taxes	156,974.28		
Interest and Costs on Taxes	90,233.10		
			\$ 17,476,159.08
Decreased by Disbursements:			
Turnover to Treasurer			\$ <u>17,476,159.08</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

(CHAPTER 20, P.L. 1971)

Exhibit A-6

Balance December 31, 2011 - Due From			\$ 2,000.00
Increased by:			
2012 Senior Citizens and Veterans Exemptions per Tax Duplicate	\$ 116,500.00		
2012 Deductions Disallowed by Tax Collector	(2,569.80)		
2012 Deductions Allowed by Tax Collector	5,250.00		
			<u>119,180.20</u>
			121,180.20
Decreased by:			
Receipts			<u>121,250.00</u>
Balance December 31, 2012 - Due To			\$ <u>(69.80)</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance
	Dec. 31, 2011		2011	2012				Dec. 31, 2012
2008	\$ 1,764.10	\$	\$	\$	\$	\$	\$	\$ 1,764.10
2009	1,824.83			4,952.03				1,824.83
2010	11,129.68			541,202.44			(2,067.08)	6,177.65
2011	544,399.29			546,154.47			(2,067.08)	5,263.93
	559,117.90	17,577,538.88	164,527.93	16,644,719.35	119,180.20	15,728.06	133,488.97	15,030.51
2012								499,894.37
	\$ 559,117.90	\$ 17,577,538.88	\$ 164,527.93	\$ 17,190,873.82	\$ 119,180.20	\$ 15,728.06	\$ 131,421.89	\$ 514,924.88

Receipts
Tax Overpayments Applied

Analysis of 2012 Property Tax Yield and Tax Levy

Tax Yield:	
General Purpose Tax	\$ 17,564,311.17
Added and Omitted Taxes	13,227.71
	<u>\$ 17,577,538.88</u>

Tax Levy:	
Regional District School Tax (Abstract)	
County Taxes:	\$ 7,441,465.55
County Tax (Abstract)	
County Library Tax (Abstract)	2,918,791.24
County Health Tax (Abstract)	330,962.93
County Open Space Tax (Abstract)	119,784.68
Due County for Added and Omitted Tax	117,033.69
Total County Taxes	2,201.98
Local Tax for Municipal Purposes	3,488,774.52
Add: Additional Tax Levied	6,647,298.81
	<u>\$ 17,577,538.88</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011	\$ 34,336.33
Increased by:	
Transfers from Taxes Receivable	<u>15,728.06</u>
Balance December 31, 2012	<u>\$ 50,064.39</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2011</u>	<u>Accrued in 2012</u>	<u>Collected by Treasurer</u>	<u>Balance Dec. 31, 2012</u>
Licenses:	\$	\$	\$	\$
Alcoholic Beverages		3,897.60	3,897.60	
Fees and Permits		43,001.00	43,001.00	
Mercantile Licenses		8,575.00	8,575.00	
Beach Badges and Parking Decals		5,830.00	5,830.00	
Lease for Mobile Telephone Cell Site		215,940.06	215,940.06	
Miscellaneous:				
Cable Television Franchise Fee		33,076.63	33,076.63	
Municipal Court:				
Fines and Costs	10,817.30	160,001.82	161,119.68	9,699.44
State Aid:				
Consolidated Municipal Property Tax Relief		78,936.00	78,936.00	
Energy Receipts Tax		585,737.00	585,737.00	
Uniform Fire Safety Act		2,516.15	2,516.15	
Uniform Construction Code Fees		55,866.00	55,866.00	
Shared Service Agreements:				
Borough of Island Heights		6,152.00	6,152.00	
Borough of South Toms River		11,211.00	11,211.00	
County of Ocean		4,412.80	4,412.80	
	<u>\$ 10,817.30</u>	<u>\$ 1,215,153.06</u>	<u>\$ 1,216,270.92</u>	<u>\$ 9,699.44</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

OPERATIONS WITHIN CAPS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$	\$ 100.00	\$	\$ 100.00
Other Expenses	500.00		500.00		500.00
Mayor and Council					
Salaries and Wages	2,378.19		2,378.19		2,378.19
Other Expenses	2,075.00		2,075.00		2,075.00
Municipal Clerk					
Salaries and Wages	567.83		567.83		567.83
Other Expenses:					
Advertising and Public Relations	1,725.50	4,000.00	5,725.50	3,755.50	1,970.00
Postage	500.00	6,500.00	7,000.00	6,500.00	500.00
Miscellaneous Other Expenses	15,994.26	5,930.22	21,924.48	5,107.32	16,817.16
Elections					
Other Expenses	3,088.73		3,088.73		3,088.73
Financial Administration					
Salaries and Wages	3,703.50		3,703.50		3,703.50
Other Expenses	6,425.06	6,932.64	13,357.70	5,812.44	7,545.26
Audit Services					
Other Expenses		33,000.00	33,000.00	33,000.00	
Collection of Taxes					
Other Expenses:					
Miscellaneous Other Expenses	633.25	2,235.00	2,868.25	2,235.00	633.25
Liquidation of Tax Title Liens and Foreclosed Property					
Other Expenses	7,000.00		7,000.00		7,000.00
Assessment of Taxes					
Salaries and Wages	600.01		600.01		600.01
Other Expenses	255.00	1,700.00	1,955.00	1,626.00	329.00
Legal Services and Costs					
Other Expenses	31,372.34	26,589.25	57,961.59	26,541.43	31,420.16
Engineering Services and Costs					
Other Expenses	8,150.00	24,548.75	32,698.75	11,966.56	20,732.19

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2011</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
Planning Board					
Salaries and Wages	\$ 1,380.50		\$ 1,380.50		\$ 1,380.50
Other Expenses	56.44		56.44		56.44
Environmental Commission					
Other Expenses		135.22	135.22	5.75	129.47
Shade Tree Committee					
Other Expenses	120.10	129.90	250.00	129.90	120.10
Insurance					
General Liability	264.00		264.00		264.00
Workers Compensation	398.82		398.82		398.82
Employee Group Insurance	98,732.88	9,188.90	107,921.78	7,741.75	100,180.03
Unemployment Insurance	50.00		50.00		50.00
Police					
Salaries and Wages:					
Chiefs and Officers	97,137.04		97,137.04		97,137.04
Crossing Guards	17,811.01		17,811.01		17,811.01
Other Expenses:					
Police Vehicle Acquisition	95.19	100.00	195.19		195.19
Miscellaneous	14,080.46	91,285.76	105,366.22	88,925.70	16,440.52
Office of Emergency Management					
Salaries and Wages	367.12		367.12		367.12
Other Expenses	874.23		874.23		874.23
Aid to Volunteer Fire Companies					
Other Expenses	9,159.20	6,754.27	15,913.47	6,750.26	9,163.21
Aid to Volunteer Ambulance Companies					
Other Expenses	30.40	4,469.64	4,500.04	4,469.64	30.40
Municipal Court					
Salaries and Wages	275.07		275.07		275.07
Other Expenses	3,300.99	291.00	3,591.99	159.00	3,432.99

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

	<u>Balance</u>		<u>Reserve for</u>		<u>Balance</u>		<u>Paid or</u>		<u>Balance</u>
	<u>Dec. 31, 2011</u>		<u>Encumbrances</u>		<u>After</u>		<u>Charged</u>		<u>Lapsed</u>
					<u>Transfers</u>				
Uniform Fire Safety Act									
Fire Official	\$ 74.72	\$	1,509.89	\$	74.72		\$ 1,343.26	\$	74.72
Salaries and Wages									308.74
Other Expenses	142.11				1,652.00				
Fire Services Program									
P.E.O.S.H.A.	18.40		14,824.60		14,843.00		14,824.60		18.40
Municipal Prosecutor									
Other Expenses	1,318.00		1,386.00		2,704.00		1,386.00		1,318.00
Streets and Roads Maintenance									
Salaries and Wages	1,011.66				1,011.66				1,011.66
Other Expenses	1,128.22		7,629.29		8,757.51		6,023.58		2,733.93
Snow Removal									
Other Expenses	279.95		7,000.00		7,279.95		4,629.44		2,650.51
Other Public Works Functions									
Salaries and Wages	70,469.39				70,469.39				70,469.39
Other Expenses	437.18		1,847.62		2,284.80		1,724.01		560.79
Solid Waste Collection									
Salaries and Wages	5,483.49				5,483.49				5,483.49
Other Expenses	4,808.44		8,832.40		13,640.84		8,462.40		5,178.44
Recycling Program									
Salaries and Wages	1,851.48				1,851.48				1,851.48
Other Expenses	7,887.14		4,994.82		12,881.96		4,662.54		8,219.42
Buildings and Grounds									
Salaries and Wages	1,147.69				1,147.69				1,147.69
Other Expenses	350.84		5,493.84		5,844.68		5,362.30		482.38
Equipment Maintenance									
Salaries and Wages	2,574.35				2,574.35				2,574.35
Other Expenses	10,985.56		4,974.87		15,960.43		4,617.26		11,343.17
P.E.O.S.H.A.									
Public Works									
Other Expenses	1,000.00				1,000.00				1,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Animal Control Services	\$ 4,123.04	\$ 525.00	\$ 4,648.04	\$ 525.00	\$ 4,123.04
Other Expenses					
Board of Recreation Commissioners	58.90		58.90		58.90
Salaries and Wages	823.36		823.36		823.36
Other Expenses					
Maintenance of Parks and Playgrounds					
Other Expenses	1,974.10	700.00	2,674.10	700.00	1,974.10
Lifeguards and Special Officers					
Salaries and Wages	311.89		311.89		311.89
Other Expenses	489.30		489.30		489.30
Beach Maintenance					
Other Expenses	2,016.00	775.00	2,791.00	775.00	2,016.00
Participation in Free County Library					
Other Expenses	500.00		500.00		500.00
Celebration of Public Events					
Other Expenses	20.30		20.30		20.30
Disposal Costs					
Other Expenses	138,635.07	500.00	139,135.07	345.53	138,789.54
Code Enforcement and Zoning Officer					
Salaries and Wages	532.03		532.03		532.03
Other Expenses	960.07	150.00	1,110.07	238.50	871.57
Construction Official					
Other Expenses	571.00		571.00		571.00
Utilities:					
Electricity	4,683.57	20,000.00	24,683.57	9,497.93	15,185.64
Street Lighting	27,231.24		27,231.24		27,231.24
Telephone and Telegraph	5,975.72	2,235.39	8,211.11	2,004.99	6,206.12
Natural Gas	5,813.69	10,800.00	16,613.69	4,805.70	11,807.99
Gasoline, Diesel Fuel and Oil	2,455.83	14,658.37	17,114.20	14,658.37	2,455.83
Cell Telephones	8.31	1,250.00	1,258.31	1,250.00	8.31
Total Operations within Caps	<u>637,354.16</u>	<u>333,877.64</u>	<u>971,231.80</u>	<u>292,562.66</u>	<u>678,669.14</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Social Security System	\$ 12,464.22	\$	\$ 12,464.22		\$ 12,464.22
Defined Contribution Retirement Program	717.07		717.07		717.07
Total Statutory Expenditures within Caps	<u>13,181.29</u>		<u>13,181.29</u>		<u>13,181.29</u>
Total Appropriations within Caps	<u>650,535.45</u>	<u>333,877.64</u>	<u>984,413.09</u>	<u>292,562.66</u>	<u>691,850.43</u>

OPERATIONS EXCLUDED FROM CAPS

LOSAP					
Other Expenses		33,750.00	33,750.00	22,836.24	10,913.76
Shared Services Agreements:					
Borough of Island Heights					
Sub-Code Official Services	1,650.64		1,650.64		1,650.64
Total Operations excluded from Caps	<u>1,650.64</u>	<u>33,750.00</u>	<u>35,400.64</u>	<u>22,836.24</u>	<u>12,564.40</u>
Total General Appropriations	\$ <u>652,186.09</u>	\$ <u>367,627.64</u>	\$ <u>1,019,813.73</u>	\$ <u>315,398.90</u>	\$ <u>704,414.83</u>
Disbursements				\$ 289,298.90	
Accounts Payable				<u>26,100.00</u>	
					\$ <u>315,398.90</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2011		\$	6,399.79
Increased by:			
County Tax	\$	2,918,791.24	
County Library Tax		330,962.93	
County Health Tax		119,784.68	
County Open Space Tax		117,033.69	
Added and Omitted Taxes		<u>2,201.98</u>	
			<u>3,488,774.52</u>
			<u>3,495,174.31</u>
Decreased by:			
Payments			<u>3,492,972.33</u>
Balance December 31, 2012		\$	<u><u>2,201.98</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2011:		
School Tax Payable	\$ 1,492,031.43	
School Tax Deferred	<u>2,190,697.00</u>	
		\$ 3,682,728.43
Increased by:		
Levy - School Year July 1, 2012 to June 30, 2013		<u>7,441,465.55</u>
		11,124,193.98
Decreased by:		
Payments		<u>7,451,535.67</u>
Balance December 31, 2012:		
School Tax Payable	1,481,961.31	
School Tax Deferred	<u>2,190,697.00</u>	
		\$ <u>3,672,658.31</u>
<u>2012 Liability for Regional District School Tax</u>		
Tax Paid		\$ 7,451,535.67
Tax Payable December 31, 2012		<u>1,481,961.31</u>
		8,933,496.98
Less: Taxes Payable December 31, 2011		<u>1,492,031.43</u>
Amount Charged to 2012 Operations		\$ <u>7,441,465.55</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2011 - Due To		\$ (12,053.61)
Increased by:		
Grant Expenditures:		
Current Fund	\$ 125,228.32	
2012 Budget Revenue	306,925.02	
Cancel Appropriated Reserves	<u>15,000.00</u>	
		<u>447,153.34</u>
		<u>435,099.73</u>
Decreased by:		
Receipts:		
Grants Received by Current Fund	328,920.41	
Unappropriated Reserves Received in Current Fund	<u>2,076.18</u>	
	<u>330,996.59</u>	
Transferred from 2012 Budget Appropriations	<u>310,675.02</u>	
		<u>641,671.61</u>
Balance December 31, 2012 - Due To		\$ <u><u>(206,571.88)</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>2012 Budget Revenue</u>	<u>Realized</u>	<u>Balance Dec. 31, 2012</u>
2012 Grants:				
Clean Communities Program	\$	\$ 17,348.35	\$ 17,348.35	\$
Community Development Block Grant		50,000.00	35,965.00	14,035.00
Drunk Driving Enforcement		4,576.67	4,576.67	
Municipal Alliance		15,000.00	5,379.16	9,620.84
NJ Transportation Trust Fund		160,000.00	120,000.00	40,000.00
Safe and Secure Communities Program		60,000.00	60,000.00	
2011 Grants:				
Municipal Alliance Grant	2,331.23		2,331.23	
2010 Grants:				
NJ Transportation Trust Fund - Various Streets	46,250.00		46,250.00	
2008 Grants:				
Community Development Block Grant	<u>37,070.00</u>		<u>37,070.00</u>	
	\$ <u>85,651.23</u>	\$ <u>306,925.02</u>	\$ <u>328,920.41</u>	\$ <u>63,655.84</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2011</u>	<u>Transfer from 2012 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2012</u>
2011 Grants:						
Clean Communities Program		\$ 17,348.35	\$	\$	\$	\$ 17,348.35
Community Development Block Grant		50,000.00		39,880.29		10,119.71
Drunk Driving Enforcement		4,576.67				4,576.67
Municipal Alliance		18,750.00		18,749.97		.03
NJ Transportation Trust Fund		160,000.00				160,000.00
Safe and Secure Communities		60,000.00		45,000.00	15,000.00	
2011 Grants:						
Alcohol Education and Rehabilitation Fund	150.82					150.82
Body Armor Fund	2,033.73					2,033.73
Clean Communities Program	17,652.94					17,652.94
Drunk Driving Enforcement Fund	4,338.77					4,338.77
Municipal Alliance Grant			200.00	200.00		
2010 Grants:						
Body Armor Fund	2,858.77					2,858.77
Clean Communities Program	21,638.61			979.16		20,659.45
2009 Grants:						
Body Armor Fund	1,755.55					1,755.55
Clean Communities Program	16,059.82		2,048.34	13,211.76		4,896.40
Drunk Driving Enforcement Fund	3,531.63					3,531.63
2008 Grants:						
Clean Communities Program	3,678.25			3,678.25		
Community Development Block Grant			15,095.00	2,784.71		12,310.29
Drunk Driving Enforcement Fund	2,676.20					2,676.20
2007 Grants:						
Drunk Driving Enforcement Fund	2,734.34			1,547.02		1,187.32
2005 and Prior Grants:						
Alcohol Education and Rehabilitation Fund	1,252.07					1,252.07
	<u>\$ 80,361.50</u>	<u>\$ 310,675.02</u>	<u>\$ 17,343.34</u>	<u>\$ 126,031.16</u>	<u>\$ 15,000.00</u>	<u>\$ 267,348.70</u>
Paid by Current Fund and General Capital Fund				\$ 125,228.32		
Reserve for Encumbrances				<u>802.84</u>		
				<u>\$ 126,031.16</u>		

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

	<u>Received</u>	<u>Balance</u>
<u>Grant</u>		<u>Dec. 31, 2012</u>
Body Armor Fund	\$ <u>2,076.18</u>	\$ <u>2,076.18</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2011	\$ 2,555.80	\$ 1,447,982.54
Increased by Receipts:		
Prepaid Licenses	\$ 666.40	
Due State of New Jersey	1,916.40	
Animal License Fees	7,159.20	
Interfund - Current Fund	1,790.00	
Miscellaneous Reserves	<u>11,532.00</u>	<u>747,812.64</u>
	<u>14,087.80</u>	<u>747,812.64</u>
Decreased by Disbursements:		
Due State of New Jersey	2,100.60	
Animal Control Fund Expenditures	8,726.92	
Interfund - Current Fund	1,790.00	
Miscellaneous Reserves	<u>12,617.52</u>	<u>795,060.82</u>
	<u>\$ 1,470.28</u>	<u>\$ 1,400,734.36</u>
Balance December 31, 2012		

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2011	\$ 307.80
Increased by:	
2012 Animal License Fees	<u>1,916.40</u>
	2,224.20
Decreased by:	
Fees Paid to State	<u>2,100.60</u>
Balance December 31, 2012	<u>\$ 123.60</u>

SCHEDULE OF RESERVE FOR EXPENDITURES

Exhibit B-3

Balance December 31, 2011	\$ 786.40
Increased by:	
2012 Animal License Fees	\$ 7,159.20
Prepaid Licenses Applied	<u>1,387.20</u>
	8,546.40
	<u>9,332.80</u>
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>8,726.92</u>
Balance December 31, 2012	<u>\$ 605.88</u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ <u>11,362.80</u>
2011	<u>11,770.20</u>
	<u>\$ 23,133.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2011	Increases	Decreases	Balance Dec. 31, 2012
Affordable Housing	\$ 150,370.19	\$ 18,156.11		\$ 168,526.30
Community Center and Mayo Park Complex Maintenance	40,527.05	30,262.35	55,273.43	15,515.97
Deposit on Rental of Community Center and Mayo Park	18,650.00	42,500.00	56,350.00	4,800.00
Developers' Escrow Funds	179,700.66	25,612.90	42,811.23	162,502.33
Disposal of Forfeited Property	18,100.92	687.00	3,878.00	14,909.92
Donations for:				
Developer's Contribution for Detention Basins	1,430.00			1,430.00
Fireworks on the Toms River	82,441.24	25,695.01	29,076.35	79,059.90
Tree Purchases	654.05	200.00		854.05
Law Enforcement Trust	12,241.11		6,395.00	5,846.11
Municipal Alliance	4,707.52	11,933.63	12,260.17	4,380.98
Parking Offenses Adjudication Act	526.92	10.00		536.92
Premiums Received at Tax Sale	160,000.00	158,800.00	121,400.00	197,400.00
Public Defender		7,938.27	6,688.00	1,250.27
Recreation Commission	18,154.91	25,405.25	24,003.76	19,556.40
Recycling Trust	146,980.69	35,326.91	4,305.51	178,002.09
Riverfront Trust	147,616.93	63,325.58	75,213.56	135,728.95
Sick Leave Trust	139,665.89		56,911.92	82,753.97
Snow Removal	68,570.55			68,570.55
Third Party Tax Title Lien Redemption	2,957.40	295,403.47	295,001.46	3,359.41
Unemployment Compensation	271,853.85	6,431.44	5,492.43	272,792.86
Uniform Fire Safety Act Penalties	4,962.94	124.72		5,087.66
	\$ 1,470,112.82	\$ 747,812.64	\$ 795,060.82	\$ 1,422,864.64

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

LOSAP FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2011		\$ 150,991.95
Increased by:		
Borough Contributions to Trustee	\$ 25,607.64	
Interest Earned	1,995.01	
Gain on Contributions	<u>3,566.50</u>	
		<u>31,169.15</u>
		182,161.10
Decreased by:		
Distributions		<u>7,608.04</u>
Balance December 31, 2012		<u>\$ 174,553.06</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$ 1,248,598.55
Increased by Receipts:		
Interfunds	\$ 2,883,817.04	
Capital Improvement Fund	50,000.00	
Bond Anticipation Notes	536,500.00	
Premiums on Sale of Notes	277.65	
Reserve for Insurance Proceeds	40,845.34	
		<u>3,511,440.03</u>
		4,760,038.58
Decreased by Disbursements:		
Interfunds	3,269,772.04	
Improvement Authorizations	673,816.70	
		<u>3,943,588.74</u>
Balance December 31, 2012		\$ <u><u>816,449.84</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

Exhibit C-3

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

	Balance Dec. 31, 2011 \$	Receipts		Disbursements		Transfers		Balance Dec. 31, 2012 \$
		Notes Issued \$	Miscellaneous \$	Improvement Authorizations \$	Miscellaneous \$	From \$	To \$	
Fund Balance	\$ 36,816.34	\$	\$	\$	\$	\$	\$	\$ 37,093.99
Capital Improvement Fund	51,019.75		50,000.00			98,750.00		2,269.75
Interfund:								
Current Fund	(185,000.00)		904,863.75		904,863.75			(185,000.00)
Water Utility Operating Fund	385,955.00		193,023.76		193,023.76			
Water Utility Capital Fund			1,785,929.53		2,171,884.53			
Reserve for Insurance Proceeds			40,845.34					40,845.34
Improvement Authorizations:								
02-03	4,620.82							4,620.82
02-21, 04-11, 08-01	2,131.45							2,131.45
03-10, 06-18, 08-10	8,530.28							8,530.28
04-08, 05-09	(6,068.10)							(6,068.10)
05-05	366,984.03							366,984.03
06-12	41,085.25							41,085.25
06-20	3,878.24							3,878.24
07-09	182,150.90							182,150.90
08-12	15,393.46							15,393.46
08-15	68,894.95							68,894.95
09-08	8,290.97			(1,190.23)				9,481.20
09-09	66,072.80			95,570.94				66,072.80
09-15	315,742.69							220,171.75
10-09	34,903.76			258.00				34,645.76
11-05	12,635.23							12,635.23
11-10	(44,314.52)			198,618.91				(242,933.43)
12-05	(159,313.50)	180,250.00		3,190.00				17,746.50
12-08	(26,811.25)	356,250.00		203,766.94				125,671.81
Repairs	65,000.00			8,555.77				56,444.23
Various Capital Improvements				165,046.37				43,250.00
Improvements to Municipal Building								55,500.00
Various Capital Improvements								(121,796.37)
Repairs due to Hurricane Sandy								55,500.00
Total	\$ 1,248,598.55	\$ 536,500.00	\$ 2,974,940.03	\$ 673,816.70	\$ 3,269,772.04	\$ 98,750.00	\$ 98,750.00	\$ 816,449.84

Ordinance Number

Improvement Description

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2011	\$ 9,341,185.43
Decreased by:	
2012 Budget Appropriation to Pay Serial Bonds and Loans	<u>637,406.84</u>
Balance December 31, 2012	<u>\$ 8,703,778.59</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance		Balance December 31, 2012			
		Dec. 31, 2011	2012 Authorizations	Dec. 31, 2012	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
02-21	Renovation and/or Building Construction of the Garage Storage Area at Mayo Park	\$ 32,500.00	\$	\$ 32,500.00		6,068.10	\$ 26,431.90
10-09	Various Drainage Improvements and Roadway Repairs	655,500.00		655,500.00		242,933.43	412,566.57
10-11	Various Capital Improvements	180,250.00		180,250.00	180,250.00		
11-05	Various Capital Improvements	356,250.00		356,250.00	356,250.00		
12-05	Various Capital Improvements		821,750.00	821,750.00		121,796.37	699,953.63
12-08	Repairs due to Hurricane Sandy		1,054,500.00	1,054,500.00			1,054,500.00
		<u>\$ 1,224,500.00</u>	<u>\$ 1,876,250.00</u>	<u>\$ 3,100,750.00</u>	<u>\$ 536,500.00</u>	<u>\$ 370,797.90</u>	<u>\$ 2,193,452.10</u>

Improvement Authorizations Unfunded
Less: Unfunded Proceeds of Bond Anticipation Notes:

Ordinance Number	Improvement Description		
10-11	Various Capital Improvements	\$ 17,746.50	
11-05	Various Capital Improvements	<u>125,671.81</u>	<u>143,418.31</u>
		\$ 2,193,452.10	<u>\$ 2,193,452.10</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	\$ 51,019.75
Increased by:	
Budget Appropriation:	
Receipts	<u>50,000.00</u>
	101,019.75
Decreased by:	
Appropriations to Finance Improvement	
Authorizations	<u>98,750.00</u>
Balance December 31, 2012	<u><u>\$ 2,269.75</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Water Operating Fund	Water Capital Fund
Balance December 31, 2011 - Due From/(Due To)	\$ (200,955.00)	\$ 185,000.00	\$	\$ (385,955.00)
Increased by:				
Disbursements	3,269,772.04	904,863.75	193,023.76	2,171,884.53
Total Increases and Balances	<u>3,068,817.04</u>	<u>1,089,863.75</u>	<u>193,023.76</u>	<u>1,785,929.53</u>
Decreased by:				
Receipts	<u>2,883,817.04</u>	<u>904,863.75</u>	<u>193,023.76</u>	<u>1,785,929.53</u>
Balance December 31, 2012 - Due From/(Due To)	\$ <u>185,000.00</u>	\$ <u>185,000.00</u>	\$	\$

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2011		Capital Improvement Fund		Deferred Charges to Future Taxation		Paid or Charged	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded			
			\$	\$	\$	\$	\$	\$	\$			
93-05, 94-08, 03-14 00-17	Construction of Municipal Complex Repair, Replacement and Reconstruction of Bulkheading and Necessary Beach Replenishment	6/16/1993	2,250,000.00	4,620.82							4,620.82	
02-03	Various Improvements to Streets and Roads	9/20/2000	600,000.00	2,131.45							2,131.45	
02-21, 04-11 08-01	Renovation and/or Building Construction of the Garage Storage Area at Mayo Park	9/18/2002	200,000.00	8,530.28							8,530.28	
03-10, 06-18 08-10	Various Capital Improvements	12/04/2002	90,000.00		26,431.90							26,431.90
04-08, 05-09 05-05	Various Capital Improvements Road Drainage Improvement and Municipal Building Upgrades	8/20/2003	2,070,000.00	366,984.03							366,984.03	
06-12	Road Reconstruction and Improvements	5/19/2004	600,000.00	41,085.25							41,085.25	
06-20	Acquisition of Vehicles and Document's Solution System	5/04/2005	1,220,000.00	3,878.24							3,878.24	
07-09	Various Roadway, Drainage and Purchase of Various Equipment	7/19/2006	1,700,000.00	182,150.90							182,150.90	
08-12	Various Roadway, Drainage Improvements	9/20/2006	286,000.00	15,393.46							15,393.46	
08-15	Purchase of Garbage Truck, Dump Truck and Various Equipment	8/15/2007	1,212,700.00	68,894.95							68,894.95	
09-08	Various Improvements to Streets and Roads and the Purchase of Equipment for First Aid and Fire	7/16/2008	1,040,000.00	8,290.97					(1,190.23)		9,481.20	
09-09	Purchase of Furnishing and Equipment for the New Beachwood First Aid Building	8/20/2008	300,000.00	66,072.80							66,072.80	
09-15	Various Capital Improvements	8/19/2009	700,000.00	315,742.69						95,570.94	220,171.75	
10-09	Various Drainage Improvements and Roadway Repairs	8/19/2009	120,000.00	34,903.76					258.00		34,645.76	
10-11	Various Capital Improvements	10/21/2009	50,000.00	12,635.23							12,635.23	
11-05	Various Capital Improvements	9/15/2010	690,000.00	611,185.48						198,618.91	412,566.57	
11-10	Improvements to Municipal Building	11/03/2010	295,000.00	20,936.50						3,190.00	17,746.50	
12-05	Various Capital Improvements	8/17/2011	375,000.00	329,438.75						203,766.94	125,671.81	
12-08	Repairs due to Hurricane Sandy	10/05/2011	65,000.00	65,000.00						8,555.77	56,444.23	
		7/18/2012	865,000.00			43,250.00		821,750.00		165,046.37	699,953.63	
		12/19/2012	1,110,000.00			55,500.00		1,054,500.00			1,054,500.00	
				\$ 1,196,314.83	\$ 987,992.63	\$ 98,750.00	\$ 1,876,250.00	\$ 673,816.70	\$ 2,336,870.41			

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2011</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2012</u>
			<u>Outstanding</u>	<u>Dec. 31, 2012</u>				
General Improvement	4/28/2010	\$ 9,818,000.00	4/01/2013	\$ 605,000.00	3.00%			
			4/01/2014	615,000.00	3.00%			
			4/01/2015	635,000.00	3.00%			
			4/01/2016	650,000.00	3.00%			
			4/01/2017	675,000.00	3.00%			
			4/01/2018	695,000.00	3.50%			
			4/01/2019	720,000.00	3.50%			
			4/01/2020	750,000.00	3.60%			
			4/01/2021	775,000.00	3.625%			
			4/01/2022	810,000.00	4.00%			
			4/01/2023	840,000.00	4.00%			
			4/01/2024	873,000.00	4.00%			
						\$ 9,238,000.00	\$ 595,000.00	\$ 8,643,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF LOANS PAYABLE

Sheet 1 of 2

Purpose	Date of Issue	Original Issue	Maturities of Loans		Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Outstanding Date	Amount				
Municipal Complex	2/16/1994	\$ 675,000.00	8/15/2013	\$ 33,750.00	1.50%	\$ 67,500.00	\$ 33,750.00	\$ 33,750.00
Green Trust Loan	6/30/1995	150,000.00		See Sheet 2	2.00%	35,685.43	8,656.84	27,028.59
						\$ 103,185.43	\$ 42,406.84	\$ 60,778.59

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 2

BOARDWALK RECONSTRUCTION

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>
34	March 2013	\$ 4,393.45	\$ 270.29
35	September 2013	4,437.39	226.35
36	March 2014	4,481.76	181.98
37	September 2014	4,526.58	137.16
38	March 2015	4,571.85	91.89
39	September 2015	4,617.56	46.18
		<u>\$ 27,028.59</u>	<u>\$ 953.85</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Issued	Balance Dec. 31, 2012
10-11	Various Capital Improvements	3/12/2012	3/12/2012	3/12/2013	1.00%	\$ 180,250.00	\$ 180,250.00
11-05	Various Capital Improvements	3/12/2012	3/12/2012	3/12/2013	1.00%	356,250.00	356,250.00
						<u>\$ 536,500.00</u>	<u>\$ 536,500.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>
02-21	Renovation and/or Building Construction of the Garage Storage Area at Mayo Park	\$ 32,500.00
10-09	Various Drainage Improvements and Roadway Repairs	655,500.00
12-05	Various Capital Improvements	821,750.00
12-08	Repairs due to Hurricane Sandy	<u>1,054,500.00</u>
		<u>\$ 2,564,250.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	\$ 1,556,408.35	\$ 266,698.20
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,506,495.05	929.53
Premium on Sale of Notes		
Fire Hydrant Service	12,600.00	
Miscellaneous Revenue	34,950.82	
Prepaid Rents	27,557.98	
Rent Overpayments	794.57	
Bond Anticipation Notes		
NJ Environmental Infrastructure Trust Loan		1,785,000.00
Interfund - General Capital Fund		29,552.00
Capital Improvement Fund		385,955.00
	<u>1,582,398.42</u>	<u>2,204,336.53</u>
	3,138,806.77	2,471,034.73
Decreased by Disbursements:		
Budget Appropriations	1,722,927.54	
Appropriation Reserves	68,959.55	
Accounts Payable	3,950.00	
Accrued Interest on Bonds, Loans and Notes	165,663.32	
Rent Overpayments	500.00	
Improvement Authorizations		597,756.27
	<u>1,962,000.41</u>	<u>597,756.27</u>
Balance December 31, 2012	\$ 1,176,806.36	\$ 1,873,278.46

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CASH

	Balance Dec. 31, 2011	Receipts		Disbursements Improvement Authorizations	Balance Dec. 31, 2012
		Notes Issued	Miscellaneous		
Fund Balance	\$ 42,458.01	\$	\$ 929.53	\$	\$ 43,387.54
Capital Improvement Fund	51,550.00		2,900.00		54,450.00
Loans Receivable	(524,512.00)		29,552.00		(494,960.00)
Interfunds:					
General Capital Fund	(385,955.00)		385,955.00		
Water Utility Operating Fund	1,221,826.64				1,221,826.64
Improvement Authorizations:					
Ordinance					
Number					
01-14					
		Improvement Description			
03-09, 06-09	114,218.22	Construction and Installation of a New Well			114,218.22
04-09, 06-10	38,953.00	Number 7 and Related Expenses			38,953.00
06-14, 08-07	38,137.73	Water Utility Improvements			38,137.73
		Water Utility Improvements			
		Construction of Storage Tank and Related			
		Equipment			
07-12	465,325.58	Replacement of Water Mains - Nautilus Street			465,325.58
08-13	14,385.00	Replacement of Water Mains - Mizzen Avenue			14,385.00
09-10	49,325.02	Water Utility Improvements		34,581.25	14,743.77
10-10	(859,014.00)	Replacement of Well No. 5, Replacement of Various			
		Water Mains and Related Improvements			
12-06		Water Utility Improvements	1,785,000.00	380,759.56	545,226.44
				182,415.46	(182,415.46)
	\$ 266,698.20	\$ 1,785,000.00	\$ 419,336.53	\$ 597,756.27	\$ 1,873,278.46

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Exhibit D-7

Balance December 31, 2011		\$ 177,808.39
Increased by:		
2012 Water Rents		<u>1,589,039.56</u>
		1,766,847.95
Decreased by:		
Prepaid Rents	\$ 44,266.56	
Overpayments Applied	3,981.37	
Collections	<u>1,506,495.05</u>	
		<u>1,554,742.98</u>
Balance December 31, 2012		<u><u>\$ 212,104.97</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

	Balance
	Dec. 31, 2012
Fixed Capital not Identified from 1949 Audit Report	\$ 139,108.89
Distribution Mains and Accessories	901,421.96
Pumping Stations and Structures	10,513.85
Springs, Wells and Treatment Plant	24,821.20
Fire Hydrants	9,642.96
Pipe Fittings, Meters, etc.	814,853.73
General Equipment	66,042.69
Gasoline Power and Pumping Equipment	10,517.36
Water System Improvements	80,353.53
Water Storage Tank and Other Improvements to Water Supply and Distribution System	336,650.20
Construction of New Potable Water Well and Related Improvements to Water Supply and Distribution System	376,134.72
Construction of Water Treatment Plant	1,274,480.88
Completion of Electrical Work at Water Treatment Plant	36,916.86
Purchase of Water Utility Vehicle	19,227.54
Acquisition of Air Compressor and Heavy Duty Pick-up Truck	22,837.02
Step Van Acquisition	39,971.45
Acquisition of Backhoe	49,840.00
Acquisition of Heavy Duty Truck, Related Equipment and Cash Receiving Machine	14,670.10
Refinancing Bond Water Supply System	1,972,637.61
Extension of Water Lines	7,432.56
	<u>\$ 6,208,075.11</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Number</u>	<u>Amount</u>	<u>Dec. 31, 2012</u>
Construction and Installation of a New Well Number 7 and Related Expenses	01-14	\$ 600,000.00	\$ 600,000.00
Water Utility Improvements	03-09, 06-09	800,000.00	800,000.00
Water Utility Improvements	04-09, 06-10	600,000.00	600,000.00
Construction of Storage Tank and Related Equipment	06-14, 08-07	2,120,000.00	3,520,000.00
Replacement of Water Mains Nautilus Street	07-12	300,000.00	300,000.00
Water Utility Improvements	09-10	390,000.00	390,000.00
Replacement of Well No. 5, Replacement of Various Water Mains and Related Improvements	10-10	1,785,000.00	1,785,000.00
Water Utility Improvements	12-06	725,000.00	725,000.00
			<u>\$ 8,720,000.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2011</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 149,305.28	\$	\$ 149,305.28	\$	\$ 149,305.28
Other Expenses	123,740.05	151,094.43	274,834.48	83,932.25	190,902.23
Capital Improvements:					
Capital Outlay	32,432.10	91,050.00	123,482.10	4,527.30	118,954.80
Statutory Expenditures:					
Contributions to:					
Social Security System	22,527.30		22,527.30		22,527.30
Unemployment Compensation Insurance	3,000.00		3,000.00		3,000.00
	<u>\$ 331,004.73</u>	<u>\$ 242,144.43</u>	<u>\$ 573,149.16</u>	<u>\$ 88,459.55</u>	<u>\$ 484,689.61</u>
Disbursements				\$ 68,959.55	
Accounts Payable				<u>19,500.00</u>	
				<u>\$ 88,459.55</u>	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

Balance December 31, 2011	\$ 112,126.71
Increased by Receipts:	
Budget Appropriations	<u>159,644.66</u>
	271,771.37
Decreased by:	
Disbursements	<u>165,663.32</u>
Balance December 31, 2012	\$ <u><u>106,108.05</u></u>

WATER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-12

Balance December 31, 2011	\$ 51,550.00
Increased by:	
2012 Budget Appropriation	<u>2,900.00</u>
Balance December 31, 2012	\$ <u><u>54,450.00</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2011		2012 Authorizations Deferred Charges to Revenue	Paid or Charged	Balance Dec. 31, 2012	
				Funded	Unfunded			Funded	Unfunded
01-14	Construction and Installation of a New Well Number 7 and Related Expenses	7/18/2001	\$ 600,000.00	\$ 91,933.22	\$ 22,285.00	\$	\$	\$ 91,933.22	\$ 22,285.00
03-09, 06-09	Water Utility Improvements	8/20/2003	800,000.00	38,953.00				38,953.00	
04-09, 06-10	Water Utility Improvements	5/19/2004	600,000.00	38,137.73				38,137.73	
06-14, 08-07	Construction of Storage Tank and Related Equipment	8/16/2006	2,120,000.00						
07-12	Replacement of Water Mains - Nautilus Street	5/21/2008	1,400,000.00	465,325.58	116,300.00			465,325.58	116,300.00
09-10	Water Utility Improvements	10/03/2007	300,000.00	14,385.00				14,385.00	
10-10	Replacement of Well No. 5, Replacement of Various Water Mains and Related Improvements	8/19/2009	390,000.00	49,325.02			34,581.25	14,743.77	
12-06	Water Utility Improvements	9/15/2010	1,785,000.00		925,986.00				545,226.44
		7/16/2012	725,000.00			725,000.00			542,584.54
				\$ 698,059.55	\$ 1,064,571.00	\$ 725,000.00	\$ 597,756.27	\$ 663,478.30	\$ 1,226,395.98

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2011	\$ 5,448,180.11
Increased by:	
Debt Paid by Operating Budget:	
Serial Bonds	<u>132,850.00</u>
Balance December 31, 2012	<u>\$ 5,581,030.11</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-15

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2012</u>
Construction and Installation of a New Well		
Number 7 and Related Expenses	01-14	\$ 186,740.37
Water Utility Improvements	03-09, 06-09	137,402.00
Water Utility Improvements	04-09, 06-10	103,070.00
Construction of Storage Tank and Related		
Equipment	06-14, 08-11	292,710.71
Replacement of Water Mains - Nautilus Street	07-12	24,600.00
Water Utility Improvements	09-10	<u>30,750.00</u>
		<u>\$ 775,273.08</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF WATER UTILITY SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Date	Amount				
Refunding Bonds	5/01/1989	\$ 1,550,000.00	5/01/2013	\$ 125,000.00	7.75%	\$ 375,000.00	\$ 115,000.00	\$ 260,000.00
Water Utility	4/28/2010	2,560,000.00	5/01/2014	135,000.00	7.75%	\$ 2,460,000.00	\$ 105,000.00	\$ 2,355,000.00
			4/01/2013-14	105,000.00	3.00%			
			4/01/2015	110,000.00	3.00%			
			4/01/2016-17	115,000.00	3.00%			
			4/01/2018	120,000.00	3.50%			
			4/01/2019	125,000.00	3.50%			
			4/01/2020	130,000.00	3.60%			
			4/01/2021	135,000.00	3.625%			
4/01/2022	140,000.00	4.00%						
	4/01/2023	145,000.00	4.00%					
	4/01/2024	150,000.00	4.00%					
	4/01/2026	325,000.00	4.00%					
	4/01/2029	535,000.00	4.15%					
						\$ 2,460,000.00	105,000.00	2,355,000.00
						\$ 2,835,000.00	\$ 220,000.00	\$ 2,615,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-17

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2012		Interest Rates	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Year	Amount				
Water System	2004	\$ 290,000.00	2013	\$ 15,000.00	5.00%			
			2014-16	15,000.00	4.00%			
			2017-18	15,000.00	5.00%			
			2019-22	20,000.00	5.00%			
			2023	20,000.00	4.25%			
			2024	25,000.00	4.375%	\$ 230,000.00	\$ 15,000.00	\$ 215,000.00
Water System	2008	1,700,000.00	2013	65,000.00	5.00%			
			2014-15	70,000.00	5.00%			
			2016	75,000.00	5.00%			
			2017	80,000.00	5.00%			
			2018	85,000.00	5.00%			
			2019	90,000.00	5.25%			
			2020	95,000.00	5.50%			
			2021	100,000.00	5.50%			
			2022	105,000.00	5.50%			
			2023	110,000.00	5.50%			
			2024	115,000.00	5.00%			
			2025	120,000.00	5.00%			
			2026	125,000.00	5.00%			
			2027	135,000.00	5.00%			
			2028	135,000.00	5.00%	1,640,000.00	65,000.00	1,575,000.00
						\$ 1,870,000.00	\$ 80,000.00	\$ 1,790,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2012		Interest Rate	Balance Dec. 31, 2011	Paid by Budget Appropriation	Balance Dec. 31, 2012
			Year	Amount				
Water System	2004	\$ 292,644.00	2013	\$ 15,995.42				
			2014	15,515.44				
			2015	15,131.46				
			2016	14,747.47				
			2017	14,363.48				
			2018	13,883.50				
			2019	16,603.53				
			2020	15,963.43				
			2021	15,323.45				
			2022	14,683.47				
			2023	14,043.50				
			2024	16,699.48				
Water System	2008	1,503,700.00	2013	84,401.46	0.00%	\$ 199,429.04	\$ 16,475.41	\$ 182,953.63
			2014	85,412.94				
			2015	83,389.97				
			2016	84,256.95				
			2017	84,979.44				
			2018	85,557.44				
			2019	85,990.93				
			2020	86,149.88				
			2021	86,019.84				
			2022	85,730.83				
			2023	85,282.90				
			2024	84,676.00				
			2025	84,242.51				
			2026	83,664.51				
			2027	85,831.99				
			2028	81,930.70	0.00%	1,443,798.23	86,279.94	1,357,518.29
						\$ 1,643,227.27	\$ 102,755.35	\$ 1,540,471.92

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Balance Dec. 31, 2012</u>
10-10	Replacement of Well No. 5, Replacement of Various Water Mains and Related Improvements	3/12/2012	3/12/2012	3/12/2013	1.00%	\$ 1,785,000.00	\$ 1,785,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>
06-14, 08-07 12-06	Construction of Storage Tank and Related Equipment Water Utility Improvements	\$ 116,300.00 725,000.00
		<u>\$ 841,300.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-1

SCHEDULE OF CASH - TREASURER

Balance December 31, 2011		\$	7,063.45
Increased by:			
Deposits for Net Pay	\$	2,452,711.72	
Payroll Deductions		2,056,802.95	
Interfund - Current Fund		744.26	
Other		268.34	
		<u> </u>	4,510,527.27
			<u>4,517,590.72</u>
Decreased by:			
Net Pay		2,452,711.72	
Payroll Deductions Payable		2,035,091.65	
Interfund - Current Fund		744.26	
		<u> </u>	4,488,547.63
Balance December 31, 2012		\$	<u><u>29,043.09</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-2

ANALYSIS OF CASH

	Balance Dec. 31, 2011	Increased by Payroll Deductions	Decreased by Payments	Balance Dec. 31, 2012
	\$	\$	\$	\$
Federal Taxes		952,947.55	952,947.55	
Garnishee		65,659.43	65,659.43	
Deferred Compensation and Insurance		30,180.00	30,180.00	
Health Benefits		62,677.05	62,677.05	
N.J. Gross Income Tax		108,997.76	108,997.76	
Net Pay		2,452,711.72	2,452,711.72	
Police and Firemen's Retirement System	3,951.15	442,698.00	433,287.79	13,361.36
Public Employees' Retirement System	527.87	346,758.43	334,590.93	12,695.37
Defined Retirement		1,461.67	1,328.08	133.59
State Unemployment and Disability		22,961.78	22,961.78	
Flexible Spending		333.28	333.28	
Union Dues		22,128.00	22,128.00	
	<u>4,479.02</u>	<u>4,509,514.67</u>	<u>4,487,803.37</u>	<u>26,190.32</u>
Other:				
Interfund - Current Fund	2,852.77	744.26	744.26	2,852.77
Due from Employees	<u>(268.34)</u>	<u>268.34</u>		
	\$ <u>7,063.45</u>	\$ <u>4,510,527.27</u>	\$ <u>4,488,547.63</u>	\$ <u>29,043.09</u>

BOROUGH OF BEACHWOOD

COUNTY OF OCEAN

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2012

William E. Antonides and Company

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS BASED ON

AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of
the Borough Council
Borough of Beachwood
County of Ocean
Beachwood Borough, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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 statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Borough of Beachwood, (the "Borough"), in the County of Ocean, State of New Jersey, as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the Borough's financial statements, and have issued our report thereon dated November 15, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the Borough dated November 15, 2013.

The Borough's responses to the findings identified in our audit are described in the comments and recommendation section of this report. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

William E. Antonides and Company
Independent Auditors

Wall Township, New Jersey
November 15, 2013

BOROUGH OF BEACHWOOD

COUNTY OF OCEAN

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

An audit of the financial accounts and transactions of the Borough of Beachwood, in the County of Ocean, for the year ended December 31, 2012, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

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

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

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

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

GENERAL COMMENTS

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law." The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$36,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Township's bid threshold was \$17,500 for the year under audit.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where questions arise 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 indicate that 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 the furnishing 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.

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit 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.A. 40A:11-4.

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

N.J.S. 40A:11-6.1 states “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... . . . the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable.”

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Delinquent Water Rents

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

The governing body on January 4, 2012 adopted the following resolutions authorizing interest to be charged on delinquent taxes and utility charges:

1. The Tax collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after 10 days from the due date.
2. The Tax Collector is hereby authorized to charge a 6% penalty for a delinquency over \$10,000 if not paid prior to the end of the calendar year.

It appears from an examination of the collector's records that interest was generally collected in accordance with the foregoing resolution.

The governing body did not adopt a resolution authorizing interest to be charged on delinquent utility charges. However, it appears as if interest was charged in accordance with the maximum amounts allowed by state statutes.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 29, 2012 and was not complete.

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

Delinquent Taxes and Tax Title Liens (Continued)

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

<u>Year</u>	<u>Number of Liens</u>
2012	32
2011	32
2010	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this examination.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Regional District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2012.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. Findings 11-01, 11-02 and 11-03 were not corrected in 2012 and appear as Findings 12-01, 12-02 and 12-03 for the period under audit.

FINDINGS/RECOMMENDATIONS

Other Post-employment Benefits

12-01 Finding - The Borough did not have the information available for the required note on Other Post-employment Benefits.

Criteria - GASB 45 requires certain information to be included in the Notes to Financial Statements for Other Post-employment Benefits.

Recommendation - That the Borough, as required by GASB 45, prepare the information required for the note on Other Post-employment Benefits.

Management's Response - Management believes in the current economic climate that the expenditure of limited financial resources to develop the information required for the note outweighs the benefits.

Interfunds

12-02 Finding - There are a number of interfunds on the balance sheets as at December 31.

Criteria - All interfund balances should be liquidated by December 31 in accordance with Division of Local Government Services directives.

Recommendation - That an effort be made to liquidate all interfunds prior to December 31.

Tax Sale

12-03 Finding - There were water utility delinquencies omitted from the tax sale.

Criteria - N.J.S.A. 54:5-19 requires that all municipal charges be subject to tax sale.

Recommendation - That all water utility delinquencies be included in the tax sale.

ACKNOWLEDGEMENT

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

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please contact us at your earliest opportunity.

* * * * *