

**BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY**

**YEAR ENDED DECEMBER 31, 2013**

**FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

with

**INDEPENDENT AUDITOR'S REPORTS**

and

**COMMENTS AND RECOMMENDATIONS**

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Rumson  
County of Monmouth  
Rumson, New Jersey 07760

### Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Rumson, County of Monmouth, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statement of operations and changes in fund balance--regulatory basis for the years then ended, the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

### 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 and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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.

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 discussed in Note 1 to the financial statements, the Borough prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 9.92% and 7.32% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

### **Qualified 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 Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Rumson, County of Monmouth, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

### **Report on Supplementary Information**

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments*, and is also not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates 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 information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2014, on our consideration of the Borough of Rumson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rumson's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #483

Freehold, New Jersey  
June 3, 2014

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Rumson  
County of Monmouth  
Rumson, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Rumson (herein referred to as “the Municipality”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 3, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

**Internal Control Over Financial Reporting**

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
CR #483

Freehold, New Jersey  
June 3, 2014

**BASIC FINANCIAL STATEMENTS**

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CURRENT FUND

EXHIBITS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY BASIS

Years ended December 31, 2013 and 2012

<u>Revenue and Other Income Realized</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Fund Balance Utilized	A-2	\$ 1,422,600.00	\$ 1,597,600.00
Miscellaneous Revenue Anticipated	A-2	5,065,289.10	3,156,037.65
Receipts From Delinquent Taxes	A-2, A-6	711,600.19	378,413.66
Receipts From Current Taxes	A-2, A-6	46,822,089.35	45,168,921.44
Non-Budget Revenue	A-2	400,850.75	837,540.23
Cancellation of:			
Unexpended Balances of Appropriation			
Reserves	A-13	878,180.65	760,568.12
Accounts Payable	A-15	920.98	1,979.04
Statutory Dog Excess	A-10	7,703.93	9,617.74
Interfunds Returned	A	<u>9,617.74</u>	<u>1,595.13</u>
Total Revenues		<u>\$ 55,318,852.69</u>	<u>\$ 51,912,273.01</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,861,239.00	4,816,359.00
Other Expenses	A-3	6,195,941.47	11,170,758.46
Capital Improvements	A-3	300,000.00	300,000.00
Municipal Debt Service	A-3	1,995,063.93	1,854,691.30
Deferred Charges and Statutory			
Expenditures	A-3	2,664,215.41	937,110.00
Prior Years' Revenue Refunded	A-4	5,837.54	10,051.26
County Taxes	A-6, A-24	10,070,536.32	9,918,870.56
County Share of Added Taxes	A-6, A-24	131,057.26	85,793.56
Local School District Tax	A-6, A-25	14,442,789.00	14,176,977.00
Regional High School Tax	A-6, A-25	11,866,570.00	11,491,076.24
Interfund Advances	A	<u>7,703.93</u>	<u>9,617.74</u>
Total Expenditures		<u>52,540,953.86</u>	<u>54,771,305.12</u>
Excess/(Deficit) in Revenue		2,777,898.83	#####
Adjustment To Income Before Fund Balance:			
Expenditures Above Which Are By Statute			
Deferred Charges To Budget of Succeeding			
Year	A-3	<u>180,000.00</u>	<u>5,000,000.00</u>
Statutory Excess To Fund Balance		2,957,898.83	2,140,967.89
Fund Balance, January 1	A	<u>6,009,882.07</u>	<u>5,466,514.18</u>
		8,967,780.90	7,607,482.07
Decreased By:			
Utilization as Anticipated Revenue	A-2	<u>1,422,600.00</u>	<u>1,597,600.00</u>
Fund Balance, December 31	A	<u>\$ 7,545,180.90</u>	<u>\$ 6,009,882.07</u>

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

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2013

	<u>Reference</u>	<u>Anticipated Budget After Modification</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 1,422,600.00	\$ 1,422,600.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-9	20,000.00	33,982.00	13,982.00
Fees and Permits:				
Other	A-9	120,000.00	159,140.27	39,140.27
Fines and Costs:				
Municipal Court	A-9	69,000.00	79,232.99	10,232.99
Interest and Cost on Taxes	A-9	110,000.00	204,196.81	94,196.81
Interest on Investments	A-9	100,000.00	173,228.86	73,228.86
Sewer Service Charges	A-9	1,100,000.00	1,180,436.01	80,436.01
Cellular Tower Fees	A-9	101,000.00	106,681.63	5,681.63
Cable Franchise Fees	A-9	111,554.46	111,554.46	-
Energy Receipts Taxes	A-9	660,673.00	660,673.00	-
Uniform Construction Code Fees	A-9	232,000.00	383,018.69	151,018.69
Uniform Fire Safety Act	A-9	4,579.94	13,137.60	8,557.66
Trash Collection Charges	A-9	48,000.00	53,600.00	5,600.00
Recycling Fees	A-9	15,000.00	36,148.25	21,148.25
Interlocal - Fair Haven	A-9	119,755.00	137,535.69	17,780.69
Drunk Driving Enforcement	A-9	2,424.41	2,424.41	-
Police Body Armor Grant	A-9	1,901.05	1,901.05	-
FEMA	A-9	1,604,370.00	1,604,370.70	0.70
Scribal Insurance	A-9	89,025.00	89,025.00	-
Post Sandy	A-9	19,000.00	19,000.00	-
Recycling Tonnage Grant	A-9	16,001.68	16,001.68	-
Total Miscellaneous Revenues	A-1	<u>4,544,284.54</u>	<u>5,065,289.10</u>	<u>521,004.56</u>
Receipts From Delinquent Taxes	A-6	<u>596,000.00</u>	<u>711,600.19</u>	<u>115,600.19</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	A-2	<u>10,459,099.15</u>	<u>11,490,718.58</u>	<u>1,031,619.43</u>
Budget Revenues	A-3	17,021,983.69	18,690,207.87	1,668,224.18
Non-Budget Revenue	A-1,A-2	<u>-</u>	<u>400,850.75</u>	<u>400,850.75</u>
		<u>\$ 17,021,983.69</u>	<u>\$ 19,091,058.62</u>	<u>\$ 2,069,074.93</u>

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

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

Year ended December 31, 2013

	<u>Reference</u>	
<u>Allocation of Current Tax Revenues</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1, A-6	\$ 46,822,089.35
Allocated To School and County Taxes	A-6	<u>36,510,952.58</u>
Balance for Support of Municipal Budget Appropriations		10,311,136.77
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,179,581.81</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,490,718.58</u>
<u>Analysis of Non-Budget Revenue</u>		
NSF Check Fees		\$ 580.00
Prior Year Refund		6,280.48
Interlocal Agreements		4,813.49
Copy Fees		13.69
Public Auction		14,271.40
Senior Citizen Administration Fee		880.00
COAH - PY Exp. 2005-2012		332,219.31
DMV Inspection Fees		854.50
Outside Work Admin Fee		31,773.75
Board of Ed - Fields		6,538.40
Other Miscellaneous Fees		<u>2,625.73</u>
	A-2, A-4	<u>\$ 400,850.75</u>

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

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"	\$ 157,771.00	\$ -	\$ 157,771.00	\$ 157,771.00	\$ -	\$ -
GENERAL GOVERNMENT	100,000.00	-	95,000.00	57,893.57	37,106.43	-
General Administration:						
Salaries and Wages	2,155.00	-	2,155.00	2,155.00	-	-
Other Expenses	14,500.00	-	14,500.00	-	14,500.00	-
Mayor and Council:						
Salaries and Wages	143,466.00	-	143,466.00	143,466.00	-	-
Newsletter	13,000.00	-	13,000.00	8,010.98	4,989.02	-
Municipal Clerk:	2,500.00	-	2,500.00	2,153.89	346.11	-
Salaries and Wages	120,329.00	-	118,329.00	118,174.00	155.00	-
Other Expenses	20,000.00	-	20,000.00	13,664.64	6,335.36	-
Elections	41,000.00	-	41,000.00	41,000.00	-	-
Financial Administration (Treasury):						
Salaries and Wages	66,269.00	-	66,269.00	66,269.00	-	-
Other Expenses	15,000.00	-	15,000.00	11,048.25	3,951.75	-
Audit Services:						
Other Expenses	44,985.00	-	44,985.00	44,985.00	-	-
Revenue Administration (Tax Collection):	37,000.00	180,000.00	217,000.00	192,921.74	24,078.26	-
Salaries and Wages	2,500.00	-	2,500.00	750.00	1,750.00	-
Other Expenses	160,000.00	-	145,000.00	102,370.58	42,629.42	-
Tax Assessment Administration:						
Salaries and Wages	90,000.00	-	90,000.00	34,307.32	55,692.68	-
Other Expenses	14,885.00	-	14,885.00	14,247.00	638.00	-
Records Retention and Disposal:	6,000.00	-	6,000.00	3,709.47	2,290.53	-
Legal Services (Legal Department):						
Other Expenses	14,885.00	-	14,885.00	14,537.00	348.00	-
Engineering Services:	6,000.00	-	6,000.00	4,572.18	1,427.82	-
Other Expenses	43,079.00	-	43,079.00	43,078.12	0.88	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	14,885.00	-	14,885.00	14,247.00	638.00	-
Other Expenses	6,000.00	-	6,000.00	3,709.47	2,290.53	-
Zoning Board of Adjustment:						
Salaries and Wages	14,885.00	-	14,885.00	14,537.00	348.00	-
Other Expenses	6,000.00	-	6,000.00	4,572.18	1,427.82	-
Zoning Enforcement Officer:						
Salaries and Wages	43,079.00	-	43,079.00	43,078.12	0.88	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	12,188.00	-	12,188.00	12,188.00	-	-
Plumbing Inspector:						
Salaries and Wages	19,380.00	-	19,380.00	19,380.00	-	-
Electrical Inspector:						
Salaries and Wages	33,510.00	-	33,510.00	33,144.35	365.65	-
Fire Protection Official:						
Salaries and Wages	10,157.00	-	10,157.00	9,982.34	174.66	-
Fire Sub-Code Official:						
Salaries and Wages	5,518.00	-	5,518.00	5,462.34	55.66	-
Construction Code Official:						
Salaries and Wages	185,563.00	-	185,563.00	171,844.30	13,718.70	-
Other Expenses	20,350.00	-	20,350.00	7,925.60	12,424.40	-
Uniform Fire Safety:						
Other Expenses	4,579.94	-	4,579.94	2,161.66	2,418.28	-
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,950,000.00	-	1,940,000.00	1,907,717.36	32,282.64	-
Other Expenses	110,000.00	-	120,000.00	114,089.59	5,910.41	-
Purchase of Police Vehicles	70,000.00	-	70,000.00	65,828.85	4,171.15	-
Police Dispatch/911:						
Salaries and Wages	190,000.00	-	190,000.00	160,800.56	29,199.44	-
Annual Charge - 911 System	6,000.00	-	6,000.00	5,310.00	690.00	-
Aid To Volunteer Fire Companies:						
Other Expenses	15,606.00	-	15,606.00	15,606.00	-	-
Aid To First Aid Organization:						
Salaries and Wages	5,071.00	-	5,071.00	5,070.96	0.04	-
Other Expenses	36,000.00	-	36,000.00	24,001.08	11,998.92	-
Aid	7,803.00	-	7,803.00	7,803.00	-	-
Fire Department:						
Salaries and Wages	10,142.00	-	10,142.00	9,011.28	1,130.72	-
Other Expenses	20,000.00	-	35,000.00	29,987.41	5,012.59	-
Municipal Prosecutor's Office:						
Salaries and Wages	15,843.00	-	15,843.00	12,350.00	3,493.00	-
Other Expenses	100.00	-	100.00	-	100.00	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance:						
Salaries and Wages	900,000.00	-	890,000.00	831,244.32	58,755.68	-
Other Expenses	70,000.00	-	98,000.00	82,640.99	15,359.01	-
Sewer System:						
Salaries and Wages	173,400.00	-	173,400.00	164,723.82	8,676.18	-
Other Expenses	70,000.00	-	70,000.00	66,662.39	3,337.61	-
Shade Tree Commission:						
Other Expenses	25,000.00	-	25,000.00	19,959.76	5,040.24	-
Storm Drain Cleaning	1,000.00	-	1,000.00	-	1,000.00	-
Stormwater Management	1,000.00	-	1,000.00	-	1,000.00	-
Solid Waste Collection:						
Salaries and Wages	388,620.00	-	388,620.00	378,669.97	9,950.03	-
Other Expenses	4,500.00	-	4,500.00	4,285.10	214.90	-
Recycling:						
Salaries and Wages	80,580.00	-	80,580.00	76,200.46	4,379.54	-
Other Expenses	2,030.00	-	2,030.00	1,090.17	939.83	-
Buildings and Grounds:						
Salaries and Wages	48,294.00	-	48,294.00	46,507.54	1,786.46	-
Other Expenses	30,000.00	-	40,000.00	35,143.13	4,856.87	-
Property Lease	6,000.00	-	6,000.00	5,052.34	947.66	-
Vehicle Maintenance (Including Police Vehicles):						
Other Expenses	115,000.00	-	125,000.00	120,407.66	4,592.34	-
<b>HEALTH AND HUMAN SERVICES</b>						
Public Health Services (Board of Health):						
Salaries and Wages	6,790.00	-	6,790.00	6,790.00	-	-
Contracted Services	49,828.00	-	49,828.00	49,828.00	-	-
Other Expenses	1,000.00	-	1,000.00	870.00	130.00	-
Environmental Health Services:						
Other Expenses						
Animal Control Services:						
Salaries and Wages	4,437.00	-	4,437.00	4,437.00	-	-
Other Expenses						

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		
				Paid or Charged	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"						
PARK AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	88,052.00	-	88,052.00	84,434.34	3,617.66	-
Other Expenses	10,000.00	-	10,000.00	10,000.00	-	-
Community Center:						
Salaries and Wages						
Other Expenses						
Senior Citizen Transportation:						
Other Expenses	4,134.00	-	4,134.00	3,978.00	156.00	-
Maintenance of Parks:						
Other Expenses	45,000.00	-	27,000.00	26,821.41	178.59	-
Municipal Court:						
Salaries and Wages	77,698.00	-	77,698.00	71,513.15	6,184.85	-
Other Expenses	10,121.00	-	10,121.00	5,456.83	4,664.17	-
Public Defender:						
Salaries and Wages	2,538.00	-	2,538.00	2,538.00	-	-
Board of Health:						
Hepatitis B Vaccine Costs	500.00	-	500.00	-	500.00	-
Visiting Nurse Services - Contractual	1,000.00	-	1,000.00	1,000.00	-	-
INSURANCE						
General Liability	380,199.39	-	367,199.39	341,070.52	26,128.87	-
Employee Group Health	1,536,935.00	-	1,536,935.00	1,392,478.35	144,456.65	-
Waiver of Insurance	20,000.00	-	20,000.00	18,317.86	1,682.14	-
Homeland Security (NISA 40A;4-45.3(pp))						
Office of Emergency Management:						
Other Expenses	15,000.00	-	15,000.00	6,393.58	8,606.42	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		
				Paid or Charged	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	181,500.00	-	148,500.00	103,571.16	44,928.84	-
Street Lighting	69,500.00	-	69,500.00	49,637.52	19,862.48	-
Telephone (excluding telephone acquisition)	25,000.00	-	25,000.00	16,745.72	8,254.28	-
Water	32,500.00	-	34,500.00	33,497.33	1,002.67	-
Fire Hydrants	107,916.00	-	108,916.00	108,825.76	90.24	-
Gas (natural or propane)	25,000.00	-	25,000.00	17,879.18	7,120.82	-
Gasoline	160,000.00	-	190,000.00	178,349.65	11,650.35	-
Landfill/Solid Waste Disposal Costs	500,000.00	-	500,000.00	418,076.00	81,924.00	-
Accumulated Sick Leave	10,000.00	-	10,000.00	10,000.00	-	-
Total Operations - Within "CAPS"	9,123,207.33	180,000.00	9,303,207.33	8,491,846.43	811,360.90	-
Contingent	5,000.00	-	5,000.00	920.00	4,080.00	-
Total Operations Including Contingent - Within "CAPS"	9,128,207.33	180,000.00	9,308,207.33	8,492,766.43	815,440.90	-
Detail:						
Salaries and Wages	4,815,605.00	-	4,793,605.00	4,618,692.21	174,912.79	-
Other Expenses (Including Contingent)	4,312,602.33	180,000.00	4,514,602.33	3,874,074.22	640,528.11	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
STATUTORY EXPENDITURES						
Contribution To:						
Public Employees' Retirement System	285,268.41	-	285,268.41	285,268.41	-	-
Social Security System (O.A.S.I.)	262,650.00	-	262,650.00	241,582.24	21,067.76	-
Police and Firemen's Retirement System	422,902.00	-	422,902.00	422,902.00	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	970,820.41	-	970,820.41	949,752.65	21,067.76	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	10,099,027.74	180,000.00	10,279,027.74	9,442,519.08	836,508.66	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Excluded From "CAPS"						
Aid To Oceanic Library (N.J.S.A. 40:54-35)	75,000.00	-	75,000.00	75,000.00	-	-
Employee Group Health Insurance	56,065.00	-	56,065.00	56,065.00	-	-
Sewer Authority - Share of Cost	1,421,947.00	-	1,421,947.00	1,421,947.00	-	-
LOSAP	40,000.00	-	40,000.00	27,600.00	12,400.00	-
Emergency - Hurricane Sandy: Other Expenses						
Fair Haven Shared Service Agreement: Construction Office: Salaries and Wages	22,634.00	-	22,634.00	22,634.00	-	-
Parks & Grounds: Salaries and Wages Other Expenses	45,000.00 44,000.00	- -	45,000.00 44,000.00	45,000.00 15,543.04	- 28,456.96	- -
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET</b>						
BY REVENUES						
Matching for Grants	5,000.00	-	5,000.00	-	5,000.00	-
Recycling Tonnage Grant	16,001.68	-	16,001.68	16,001.68	-	-
Clean Communities Program						
Police Body Armor Grant	1,901.05	-	1,901.05	1,901.05	-	-
Alcohol Education Rehab	2,424.41	-	2,424.41	2,424.41	-	-
Drunk Driver Enforcement	19,000.00	-	19,000.00	19,000.00	-	-
Post Sandy Asst						
Total Operations - Excluded From "CAPS"	1,748,973.14	-	1,748,973.14	1,703,116.18	45,856.96	-
Detail:						
Salaries and Wages	67,634.00	-	67,634.00	67,634.00	-	-
Other Expenses	1,681,339.14	-	1,681,339.14	1,635,482.18	45,856.96	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations							
Operations - Excluded From "CAPS"							
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	300,000.00	-	300,000.00	300,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	300,000.00	-	300,000.00	300,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"							
Payment of Bond Principal	755,000.00	-	755,000.00	754,000.00	-	-	1,000.00
Payment of Bond Anticipation Notes and Capital Notes	755,000.00	-	755,000.00	755,000.00	-	-	-
Interest on Bonds	385,000.00	-	385,000.00	382,357.44	-	-	2,642.56
Interest on Notes	55,000.00	-	55,000.00	52,700.97	-	-	2,299.03
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	51,006.00	-	51,006.00	51,005.52	-	-	0.48
Total Municipal Debt Service - Excluded From "CAPS"	2,001,006.00	-	2,001,006.00	1,995,063.93	-	-	5,942.07
Deferred Charges - Municipal - Excluded From "CAPS"							
Special Emergency Authorizations:							
Emergency Authorizations	89,025.00	-	89,025.00	89,025.00	-	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	1,604,370.00	-	1,604,370.00	1,604,370.00	-	-	-
Total General Appropriations - Excluded From "CAPS"	1,693,395.00	-	1,693,395.00	1,693,395.00	-	-	-
Total General Appropriations - Excluded From "CAPS"	5,743,374.14	-	5,743,374.14	5,691,575.11	45,856.96	-	5,942.07
Subtotal General Appropriations	15,842,401.88	180,000.00	16,022,401.88	15,134,094.19	882,365.62	-	5,942.07
Reserve for Uncollected Taxes	1,179,581.81	-	1,179,581.81	1,179,581.81	-	-	-
Total General Appropriations	17,021,983.69	180,000.00	17,201,983.69	16,313,676.00	882,365.62	-	5,942.07
Reference		A-1, 30-A	A-3		A		A-3
Adopted Budget	\$ 16,309,588.69						
Added by N.J.S. 40A-4-87	712,395.00						
Analysis of Paid or Charged							
Reserve for Uncollected Taxes				\$ 1,179,581.81			
Cash Disbursements				12,631,487.04			
Special Emergency				1,693,395.00			
Due To General Capital Fund				300,000.00			
Encumbrances Payable				289,885.01			
Reserve for Revaluation				180,000.00			
Reserve for Grant Expenditures - Appropriated				39,327.14			
				\$ 16,313,676.00			

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

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TRUST FUND

EXHIBITS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Animal Control Fund: Cash - Treasurer	B-2	\$ 25,868.13	\$ 32,516.14	Animal Control Fund: Reserve for Dog Fund Expenditures Due To: Current Fund State of New Jersey	B-3 B-4 B-8	\$ 18,161.80 7,703.93 2.40	\$ 22,896.00 9,617.74 2.40
Trust - Other Funds: Cash - Treasurer	B-2	2,172,396.05	2,432,814.11	Trust - Other Funds: Reserve for: Various Trust Funds Special Assessment Payroll Deductions Payable	B-5 B-6 B-7	2,166,801.19 2,613.00 2,981.86	2,427,219.25 2,613.00 2,981.86
Recreation Commission: Cash - Treasurer	B-2	264,642.52	216,160.56	Recreation Commission: Fund Balance	B-1	264,642.52	216,160.56
Length of Service Award Program Fund ("LOSAP") - Reviewed: Investments	B-10	271,272.12	211,882.18	Length of Service Award Program Fund ("LOSAP") - Reviewed: Miscellaneous Reserves	B-12	271,272.12	211,882.18
Total Assets		\$ 2,734,178.82	\$ 2,893,372.99	Total Liabilities, Reserves and Fund Balance		\$ 2,734,178.82	\$ 2,893,372.99

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

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND - RECREATION COMMISSION

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	B	\$ 216,160.56
Increased By:		
Cash Receipts	B-2	<u>410,171.97</u>
		626,332.53
Decreased By:		
Operating Expenses	B-2	<u>361,690.01</u>
Balance, December 31, 2013	B	<u><u>\$ 264,642.52</u></u>

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

GENERAL CAPITAL FUND

EXHIBITS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY  
GENERAL CAPITAL FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash				Serial Bonds Payable	C-8	\$ 11,390,000.00	\$ 11,332,000.00
Due From:				Bond Anticipation Notes Payable	C-9	3,193,525.00	3,948,525.00
Current Fund				Green Acres Loan Payable	C-10	561,651.29	600,835.05
Deferred Charges To Future Taxation:				Encumbrances Payable	C-11	555,068.04	233,679.33
Funded	C-2, C-3	\$ 1,871,743.78	\$ 1,988,643.14	Due To State of New Jersey	C-4	133.00	133.00
Unfunded		-	300,000.00	Improvement Authorizations:			
	C-5			Funded	C-12	278,985.58	380,404.09
				Unfunded	C-12	2,603,034.60	10,552,860.83
	C-6	11,951,651.29	11,932,835.05	Retained Percentage Due To Contractors	C-13	84.00	84.00
	C-7	<u>5,756,025.00</u>	<u>13,586,025.00</u>	Capital Improvement Fund	C-14	900,495.77	675,495.77
				Fund Balance	C-1	<u>96,442.79</u>	<u>83,486.12</u>
Total Assets		<u>\$ 19,579,420.07</u>	<u>\$ 27,807,503.19</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 19,579,420.07</u>	<u>\$ 27,807,503.19</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	C		\$ 83,486.12
Increased By:			
Premium on Sale of Refunding Bonds	C-2	\$ 11,359.67	
Bond Anticipation Notes Premium	C-2	<u>1,597.00</u>	
			<u>12,956.67</u>
Balance, December 31, 2013	C		<u>\$ 96,442.79</u>

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

PUBLIC ASSISTANCE FUND

EXHIBIT

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BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 PUBLIC ASSISTANCE FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Reserves</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash	D-1	<u>\$ 839.35</u>	<u>\$ 839.35</u>	Reserve for Public Assistance Expenditures	D-2	<u>\$ 839.35</u>	<u>\$ 839.35</u>
Total Assets		<u><u>\$ 839.35</u></u>	<u><u>\$ 839.35</u></u>	Total Reserves		<u><u>\$ 839.35</u></u>	<u><u>\$ 839.35</u></u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT

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BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Fund Balance</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Land	E-1	\$ 4,948,200.00	\$ 4,948,200.00				
Buildings	E-1	1,885,215.00	1,885,215.00				
Equipment	E-1	5,638,338.09	5,498,313.36				
Improvements	E-1	<u>4,400,750.75</u>	<u>4,400,750.75</u>	Investment in Fixed Assets	E-1	<u>\$ 16,872,503.84</u>	<u>\$ 16,732,479.11</u>
Total Assets		<u>\$ 16,872,503.84</u>	<u>\$ 16,732,479.11</u>	Total Fund Balance		<u>\$ 16,872,503.84</u>	<u>\$ 16,732,479.11</u>

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

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 1. Summary of Significant Accounting Policies

##### Description of Financial Reporting Entity

The Borough of Rumson, County of Monmouth, New Jersey ("Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

##### Component Units

The Borough of Rumson had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Borough of Rumson contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Rumson accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

**Trust Fund** – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 1. Summary of Significant Accounting Policies (continued):

**Budgets and Budgetary Accounting** - The Borough of Rumson must adopt an annual budget for its Current Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### **Note 1. Summary of Significant Accounting Policies (continued):**

The cash management plan adopted by the Borough of Rumson requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories and Supplies** - The cost 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 of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

**Foreclosed property** - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 1. Summary of Significant Accounting Policies (continued):

**Deferred Charges** – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Borough of Rumson School District and the Rumson-Fair Haven Regional High School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Rumson School District and its share of the Rumson-Fair Haven Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district and the Borough's share of the regional school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2012 and decreased by the amount deferred at December 31, 2013.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**Reserve for Uncollected Taxes** – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences and Post-employment Benefits** – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

**Subsequent Events** - The Borough of Rumson has evaluated subsequent events occurring after December 31, 2013 through the date of June 3, 2014, which is the date the financial statements were available to be issued.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 2. Cash and Cash Equivalents**

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2013 and reported at fair value are as follows:

**Deposits**

Demand Deposits	<u>22,222,164</u>
Total Deposits	<u><u>\$ 22,222,164</u></u>

**The Township's Cash and Cash Equivalents are Reported as Follows:**

Current Fund	\$ 17,860,806
Trust Other Fund	2,462,907
Animal Control Fund	25,868
Capital Fund	1,871,744
Public Assistance	<u>839</u>
Total Cash and Cash Equivalents	<u><u>\$ 22,222,164</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2013, the Borough's bank balance of \$22,296,476 was insured or collateralized as follows:

Insured	\$ 516,296
Uninsured and uncollateralized	2,476,747
Collateralized in the District's Name Under GUDPA	<u>19,303,433</u>
Total	<u><u>\$22,296,476</u></u>

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 3. Investments

##### A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either the counterparty or the counterparty's trust department or agent but not in the Borough's name. All of the Borough's investments are held in the name of the Borough and are collateralized by GUDPA.

##### B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2013, are provided in the above schedule.

##### C. Investment Credit Risk

The Borough has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Borough or bonds or other obligations of the local unit or units within which the Borough is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Borough;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 3. Investments (continued):**

	Fair Value <u>(LOSAP)</u>	Book Value	Total Reported Value
2013:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	\$ <u>229,565</u>	\$ <u>229,565</u>	\$ <u>229,565</u>
2012:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	\$ <u>211,882</u>	\$ <u>211,882</u>	\$ <u>211,882</u>

**Note 4. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

<b>Comparison of Tax rate Information</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total Tax Rate	\$ 1.608	\$ 1.546	\$ 1.508
Apportionment of Tax Rate:			
Municipal	0.359	0.342	0.332
County	0.346	0.335	0.329
Local School	0.496	0.480	0.468
Regional School	0.407	0.389	0.379

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 4. Property Taxes (continued)**

**Net Valuation Taxable**

2013	<u>\$2,913,694,130</u>		
2012		<u>\$2,956,472,184</u>	
2011			<u>\$2,956,695,866</u>

**Comparison of Tax Levies and Collection Currently**

Year	Tax Levy	Cash Collections	Percentage Of Collection
2013	\$ 47,461,055	\$ 46,822,089	98.65%
2012	46,126,575	45,168,921	97.92%
2011	44,907,456	44,211,039	98.45%

**Delinquent Taxes and Tax Title Liens**

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2013	\$ -	\$ 459,899	\$ 459,899	0.97%
2012	-	731,097	731,097	1.58%
2011	-	463,983	463,983	1.03%

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 5. 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, for the current and previous two years was as follows:

Year	Amount
2013	\$ 5,800
2012	5,800
2011	5,800

**Note 6. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Year	Balance December 31,	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
<b>Current Fund</b>			
2013	\$ 7,545,181	\$ 1,580,000	20.94%
2012	6,009,882	1,561,600	25.98%
2011	5,466,514	1,597,600	29.23%
2010	5,720,240	1,577,600	27.58%
2009	6,969,560	1,750,000	25.11%

**Note 7. Interfund Receivables and Payables**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2013:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 7,704	\$ 176,305
State & Federal Grant Fund	176,305	-
Trust Other Fund	-	-
Animal Control Fund	-	7,704
Capital Fund	-	-
Total	<u>\$ 184,008</u>	<u>\$ 184,008</u>

The purpose of these interfunds was short-term borrowings.

## **BOROUGH OF RUMSON**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013**

#### **Note 8. Pension**

##### **A. Plan Description**

The Borough of Rumson contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of N.J.S.A.43:15A and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of N.J.S.A.43:16A. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of N.J.S.A.43:16A, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

##### **B. Vesting and Benefit Provisions**

The vesting and benefit provisions of PERS are set by N.J.S.A.43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2012 changed this for employees enrolled after June 28, 2012. See Note 6C below.

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 8. Pension (continued)

##### C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2012, Chapter 78, P.L. 2012 reformed various pension and health benefits provisions. Employees hired after June 28, 2012 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2012. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 8. Pension (continued):**

**D. Contribution Requirements**

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A.18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2012, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2012, of their annual covered salary for P.F.R.S. and Rumson Borough is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Borough's contributions to P.E.R.S. for the years ending December 31, 2013, 2012 and 2011 were 285,268, \$303,094 and \$317,030, respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$422,902, \$346,366 and \$417,873, respectively, equal to the required contributions for each year.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 9. Capital Debt**

Issued	<u>Summary of Debt</u>		
	Year 2013	Year 2012	Year 2011
Bonds, Notes & Loans	\$ 15,145,176	\$ 15,881,360	\$ 16,750,247
Less:			
Reserve to Pay Bonds			(75,000)
Authorized but Not Issued	2,562,500	9,637,500	4,000,000
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 17,707,676</u>	<u>\$ 25,518,860</u>	<u>\$ 20,675,247</u>

**Summary of Statutory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of .524%:

	<b>Gross Debt</b>	<b>Deductions</b>	<b>Net Debt</b>
School Purpose Debt	\$ 10,233,987	\$ 10,233,987	-
General	17,707,676	-	17,707,676
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 27,941,663</u>	<u>\$ 10,233,987</u>	<u>\$ 17,707,676</u>

Net Debt \$17,707,676 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$3,380,427,524 equals .524%.

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

3½% of Equalized Valuation Basis (Municipal)	\$118,314,963
Net Debt	<u>17,707,676</u>
Remaining Borrowing Power	<u>\$100,607,287</u>

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 9. Capital Debt (continued):**

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (See Exhibit C-8 & C-10)**

Year	General		Total
	Principal	Interest	
2014	\$ 725,000	\$ 355,076	\$ 1,080,076
2015	775,000	330,701	1,105,701
2016	775,000	304,514	1,079,514
2017	825,000	278,376	1,103,376
2018	845,000	250,739	1,095,739
2019-2023	2,770,000	917,444	3,687,444
2024-2028	2,645,000	481,388	3,126,388
2029-2032	2,030,000	135,905	2,165,905
Total	<u>\$ 11,390,000</u>	<u>\$ 3,054,143</u>	<u>\$ 14,444,143</u>

Year	Green Acres Loan		Total
	Principal	Interest	
2014	\$ 39,971	\$ 11,034	\$ 51,006
2015	40,775	10,231	\$ 51,006
2016	41,594	9,411	\$ 51,006
2017	42,430	8,575	\$ 51,006
2018	43,283	7,722	\$ 51,006
2019-2023	229,821	25,206	\$ 255,028
2024-2026	123,776	3,738	\$ 127,514
Total	<u>\$ 561,651</u>	<u>\$ 75,918</u>	<u>\$ 637,569</u>

**Bond Anticipation Notes (See Exhibit C-9) – Notes mature September 14, 2014 @ 0.49%.**

<u>December 31,</u> <u>2012</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31,</u> <u>2013</u>
\$ 3,948,525	\$ 3,193,525	\$ 3,948,525	\$ 3,193,525

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 10. Deferred School District Taxes**

The Rumson Borough School District Tax and Rumson-Fair Haven Regional High School District have been raised and Current Fund has the following liabilities as of December 31, 2013:

	Local District		Regional High School	
	2013	2012	2013	2012
Balance of Tax	\$ 5,840,387	\$ 5,840,387	\$ 5,412,495	\$ 5,412,495
Deferred	1,835,174	1,835,174	1,625,435	1,625,435
Tax Payable	\$ 4,005,213	\$ 4,005,213	\$ 3,787,060	\$ 3,787,060

**Note 11. 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. It is the policy of the Borough to purchase commercial insurance for the risks of loss to which it is exposed. Settlements in each of the past three years have not exceeded the insurance coverage.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

**Note 12. Post-Employment Retirement Benefits**

The Borough contributes to the State Health Benefits Program (“SHBP”), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 24, 1981, the Borough authorized participation in the SHBP’s post-retirement benefit program through resolution number 78-2-24-81. Eligibility to participate in the SHBP’s post-retirement benefit program begins after 25 years of credited service with the Borough. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 12. Post-Employment Retirement Benefits (continued)**

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

The Borough's contributions to SHBP for the years ended December 31, 2013, 2012, and 2011 were \$1,342,954, \$1,267,081, and \$1,248,807, respectively, which equaled the required contributions for each year. There were approximately 37, 40, and 39 retired participants eligible at December 31, 2013, 2012, and 2011, respectively.

**Note 13. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	<u>Balance 12/31/2013</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Special Emergency Appropriations - 5 Years	\$ 3,306,605	\$ 1,446,481	\$ 1,860,124
Special Emergency Appropriations	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Total	<u>\$ 3,486,605</u>	<u>\$ 1,626,481</u>	<u>\$ 1,860,124</u>

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 14. Length of Service Award Program (“LOSAP”)**

The Borough has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan”) to ensure retention of the Borough’s volunteer First Aid Squad members. 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 was \$1,150 for the year ended December 31, 2012. No contributions have been made for years 2013.

**Appropriations** – Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget.

**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 emergency service in the Jackson Borough First Aid Squad. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points performing certain volunteer services on a yearly basis.

**Determination as to Eligibility** – The Rumson Borough First Aid Organizations shall provide to the Borough Chief Financial Officer, acting as the Plan Administrator of the LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan as of January 1, 2000 and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward the provisions 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.

**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.

**BOROUGH OF RUMSON**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 14. Length of Service Award Program (“LOSAP”) (continued):**

**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 Rumson Borough First Aid Squad as an active volunteer member. Any active volunteer member who terminates service with the Rumson Borough First Aid Squad, 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 Accounts Statements on Standards for Accounting and Auditing Review Services.

**Note 15. General Fixed Assets**

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2013:

	December 31, 2012	Additions	Deletions	December 31, 2013
Fixed Assets not being depreciated:				
Land	\$ 4,948,200	\$ -	\$ -	\$ 4,948,200
Buildings	1,885,215	-	-	1,885,215
Equipment	5,498,313	319,621	(179,596)	5,638,338
Improvements	4,400,751	-	-	4,400,751
Capital assets not being depreciated	\$ 16,732,479	\$ 319,621	\$ (179,596)	\$ 16,872,504

All additions are recorded at cost.

**Note 16. Deferred Compensation Salary Account**

The Borough has instituted a Deferred Compensation Plan (“Plan”) pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

## BOROUGH OF RUMSON

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

#### Note 17. Contingencies

##### A. Accrued Sick, Vacation and Compensation Time

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, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, 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 would approximate \$219,026.25 at December 31, 2013. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

##### B. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (*N.J.S.A.43:21-3 et. seq.*). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2013 was \$90,717.55.

##### C. Litigation

The Borough is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Borough Officials, based upon the opinion of the Borough's Counsel, presently believe that the outcome of each such proceeding or claim which is pending or know to be threatened, or all of them combined, will not have a material adverse effect on the Borough's financial position or adversely affect the Borough's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

##### D. Federal and State Grants

The Borough receives financial assistance from the U.S. Government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant 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 payment to the grantor agency. As of December 31, 2013 the Borough estimates that no material liabilities will result from such audits.

SUPPLEMENTARY STATEMENTS

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CURRENT FUND  
STATEMENTS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2013

Balance, December 31, 2012		\$ 20,567,943.42
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 400,850.75	
State of New Jersey - Senior Citizens' and Veterans' Deductions	44,000.00	
Taxes Receivable	47,042,555.38	
Sewer Fees Receivable	1,161,197.17	
Revenue Accounts Receivable	3,845,525.95	
Due From:		
Animal Control Trust Fund	9,617.74	
Grants Receivable	2,424.41	
Due To State of New Jersey:		
Marriage Licenses	825.00	
U.C.C. Fees	28,076.31	
Prepaid Taxes	313,609.20	
Sewer Fee Overpayments	23,050.93	
Drive-In Sanitation Overpayments	1,200.00	
Third Party Liens Payable	111,178.08	
Reserve for Tax Sale Premiums	244,200.00	
Reserve For Grant Expenditures - Unappropriated	<u>35,137.62</u>	
		<u>53,263,448.54</u>
		73,831,391.96
Decreased By Disbursements:		
Prior Years Revenue Refunded	5,837.54	
Current Appropriations	12,631,487.04	
2012 Appropriation Reserves	4,050,998.11	
Accounts Payable	2,864.97	
Due To General Capital Fund	600,000.00	
Tax Overpayments	86,377.98	
Sewer Fee Overpayments	266.67	
Due To State of New Jersey:		
Marriage Licenses	800.00	
U.C.C. Fees	23,515.69	
Third Party Liens Payable	111,178.08	
County Taxes	10,156,329.88	
Local District School Taxes	14,442,789.00	
Regional District School Taxes	11,866,570.00	
Encumbrances Payable - Grants	1,935.00	
Reserve For:		
Revaluation	180,000.00	
Tax Sale Premiums	3,700.00	
Grant Expenditures - Appropriated	23,384.31	
Tax Appeals	85,866.38	
Special Emergency Note Payable	1,693,395.00	
Prepaid Sewer Fees	1,690.28	
Sanitation Overpayments	<u>1,600.00</u>	
		<u>55,970,585.93</u>
Balance, December 31, 2013		<u>\$ 17,860,806.03</u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY -  
 SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2013

Balance, December 31, 2012		\$	7,858.03
Increased By:			
Cash Receipts			<u>44,000.00</u>
			51,858.03
Decreased By:			
Senior Citizens' Deductions Per Tax Billing	\$	3,000.00	
Veterans' Deductions Per Tax Billing		<u>40,500.00</u>	
			<u>43,500.00</u>
Balance, December 31, 2013		\$	<u><u>8,358.03</u></u>

#VALUE!  
COUNTY OF MONMOUTH, NEW JERSEY  
CURRENT FUND

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2013

Year	Balance December 31, 2012	Levy	Added/ Omitted 2013	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	(Cancellations)/ Adjustments	Balance December 31, 2013
				2012	2013			
2010	\$ 18,357.46	\$ -	\$ -	\$ -	\$ 18,357.46	\$ -	\$ -	\$ -
2011	67,211.45	-	-	-	67,211.45	-	-	-
2012	645,528.48	-	-	-	626,031.28	-	(19,497.20)	-
2013	-	46,615,455.68	845,599.29	447,634.16	46,330,955.19	43,500.00	(179,066.91)	459,898.71
	\$ 731,097.39	\$ 46,615,455.68	\$ 845,599.29	\$ 447,634.16	\$ 47,042,555.38	\$ 43,500.00	\$ (198,564.11)	\$ 459,898.71

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2013

Analysis of 2013 Property Tax Levy

Tax Yield:

General Purpose Tax		\$ 46,838,994.47
Added Taxes (54:4-63 et seq.)		<u>622,060.50</u>
		<u>\$ 47,461,054.97</u>

Tax Levy:

County Taxes (Abstract)	\$ 8,994,062.38	
County Library Taxes (Abstract)	577,251.47	
County Open Space Taxes (Abstract)	499,222.47	
Added/Omitted County Taxes	131,057.26	
Regional High School Taxes (Abstract)	11,866,570.00	
Local District School Taxes (Abstract)	<u>14,442,789.00</u>	
		\$ 36,510,952.58

Local Taxes for Municipal Purposes  
(Abstract)

10,459,099.15

Add:

Additional Taxes Levied	<u>491,003.24</u>	
		<u>10,950,102.39</u>
		<u>\$ 47,461,054.97</u>

Analysis of Current Revenue From Taxes

	<u>2013</u> <u>Property Taxes</u>	<u>Delinquent</u> <u>Taxes</u>
Prepaid Taxes Applied	\$ 447,634.16	
Taxes Collected in 2013	46,330,955.19	\$ 711,600.19
Senior Citizens' and Veterans' Deductions (Net)	<u>43,500.00</u>	
	<u>\$ 46,822,089.35</u>	<u>\$ 711,600.19</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF SEWER FEES RECEIVABLE

Year ended December 31, 2013

Balance, December 31, 2012		\$	46,929.49
Increased By:			
Levy - Net			<u>1,175,366.85</u>
			1,222,296.34
Decreased By:			
Cash Receipts	\$	1,161,197.17	
Overpayments Applied		<u>19,238.84</u>	
			<u>1,180,436.01</u>
Balance, December 31, 2013		\$	<u><u>41,860.33</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

Year ended December 31, 2013

<u>Property</u>	<u>Lot</u>	<u>Date Acquired</u>	<u>Years Ended December 31, 2013 and 2012</u>
Block 81	38	April 7, 1971	<u>\$ 5,800.00</u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2013

	Balance December 31, <u>2012</u>	Accrued <u>2013</u>	Realized Revenue <u>2013</u>	Balance December 31, <u>2013</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 33,982.00	\$ 33,982.00	\$ -
Fees and Permits:				
Other	-	159,140.27	159,140.27	-
Fines and Costs:				
Municipal Court	3,741.49	79,967.18	79,232.99	4,475.68
Interest and Cost on Taxes	-	204,196.81	204,196.81	-
Interest on Investments	-	173,228.86	173,228.86	-
Sewer Service Charges	-	1,180,436.01	1,180,436.01	-
Cellular Tower Fees	-	106,681.63	106,681.63	-
Cable Franchise Fees	-	111,554.46	111,554.46	-
Energy Receipts Taxes	-	660,673.00	660,673.00	-
Uniform Construction Code Fees	-	383,018.69	383,018.69	-
Uniform Fire Safety Act	-	13,137.60	13,137.60	-
Trash Collection Charges	-	53,600.00	53,600.00	-
Recycling Fees	-	36,148.25	36,148.25	-
Interlocal - Fair Haven	-	137,535.69	137,535.69	-
Police Body Armor Grant	-	1,901.05	1,901.05	-
Drunk Driving Enforcement	-	2,424.41	2,424.41	-
Recycling Tonnage Grant	-	16,001.68	16,001.68	-
FEMA	-	1,604,370.70	1,604,370.70	-
Scribal Insurance	-	89,025.00	89,025.00	-
Post Sandy	-	19,000.00	19,000.00	-
	<u>\$ 3,741.49</u>	<u>\$ 5,066,023.29</u>	<u>\$ 5,065,289.10</u>	<u>\$ 4,475.68</u>
Cash Receipts			\$ 3,845,525.95	
Sewer Fees Receivable			1,180,436.01	
Grants Receivable			<u>39,327.14</u>	
			<u>\$ 5,065,289.10</u>	

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE FROM ANIMAL CONTROL TRUST FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$ 9,617.74
Increased By:	
Statutory Dog Excess	<u>7,703.93</u>
	17,321.67
Decreased By:	
Cash Receipts	<u>9,617.74</u>
Balance, December 31, 2013	<u><u>\$ 7,703.93</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE FROM TRUST - OTHER FUND

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ -

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GRANT FUND

STATEMENT OF STATE GRANTS RECEIVABLE

Year ended December 31, 2013

	Balance December 31, <u>2012</u>	Increased By Revenue Anticipated <u>2013</u>	<u>Decreased</u>	Balance December 31, <u>2013</u>
State of New Jersey:				
1991 Supplemental Safe Neighborhood Program	\$ 28.00	-	-	\$ 28.00
FY'08 Assistance to Firefighters Grant	1,426.00	-	-	1,426.00
Police Body Armor Grant	-	1,901.05	1,901.05	-
Drunk Driving Enforcement Fund	-	2,424.41	2,424.41	-
Recycling Tonnage Grant	-	16,001.68	16,001.68	-
NJ Department of Transportation - Blackpoint	160,000.00	-	-	160,000.00
Sandy Planning Asst	-	19,000.00	-	19,000.00
	<u>\$ 161,454.00</u>	<u>\$ 39,327.14</u>	<u>\$ 20,327.14</u>	<u>\$ 180,454.00</u>

Cash Receipts  
 Transferred From Grants - Unappropriated

	\$ 2,424.41
	<u>17,902.73</u>
	<u>\$ 20,327.14</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF 2012 APPROPRIATION RESERVES

Year ended December 31, 2013

	Balance <u>December 31, 2012</u>	Transferred From Encumbrances <u>Payable</u>	Adjusted <u>Budget</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
<b>GENERAL GOVERNMENT</b>					
General Administration:					
Salaries and Wages	\$ 1,059.68	\$ -	\$ 1,059.68	\$ -	\$ 1,059.68
Other Expenses	35,857.27	(1,805.62)	34,051.65	13,412.35	20,639.30
Mayor and Council:					
Newsletter	4,830.06	2,500.00	7,330.06	-	7,330.06
Municipal Clerk:					
Other Expenses	10,068.61	(4,993.61)	5,075.00	6.39	5,068.61
Elections	168.06	600.00	768.06	600.00	168.06
Financial Administration (Treasury):					
Salaries and Wages	1.00	-	1.00	-	1.00
Other Expenses	2.04	2,895.00	2,897.04	2,072.10	824.94
Revenue Administration (Tax Collection):					
Other Expenses	832.70	-	832.70	-	832.70
Tax Assessment Administration:					
Other Expenses	12,709.10	12.50	12,721.60	6,000.00	6,721.60
Legal Services (Legal Department):					
Other Expenses	41,999.23	26,920.00	68,919.23	26,740.38	42,178.85
Engineering Services:					
Other Expenses	22,173.55	19,135.96	41,309.51	36,015.69	5,293.82
Records Retention and Disposal					
Other Expenses	1,217.00	-	1,217.00	-	1,217.00
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	703.88	-	703.88	58.00	645.88
Other Expenses	2,328.51	679.00	3,007.51	852.00	2,155.51
Zoning Board of Adjustment:					
Salaries and Wages	529.88	-	529.88	174.00	355.88
Other Expenses	740.13	516.31	1,256.44	470.15	786.29
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Plumbing Inspector:					
Salaries and Wages	3,044.70	-	3,044.70	-	3,044.70
Electrical Inspection:					
Salaries and Wages	312.50	-	312.50	-	312.50
Uniform Fire Safety:					
Other Expenses	2,974.16	190.73	3,164.89	690.73	2,474.16
Construction Code Official:					
Salaries and Wages	7,477.50	-	7,477.50	120.00	7,357.50
Other Expenses	12,062.11	-	12,062.11	5,856.09	6,206.02
<b>PUBLIC SAFETY</b>					
Police Department:					
Salaries and Wages	96,070.04	(2,500.00)	93,570.04	2,324.16	91,245.88
Other Expenses	290.78	33,580.58	33,871.36	28,900.62	4,970.74
Purchase of Police Vehicles	81.47	34,640.53	34,722.00	34,665.53	56.47
Police Dispatch/911:					
Salaries and Wages	3,423.85	1,000.00	4,423.85	3,882.46	541.39
Annual Charge - 911 System	189.97	-	189.97	-	189.97
Aid To First Aid Organization:					
Salaries and Wages	0.04	-	0.04	-	0.04
Other Expenses	9,705.10	2,805.25	12,510.35	3,813.53	8,696.82
Other Expenses (Control)	-	193.00	193.00	(599.00)	792.00
Fire Department:					
Salaries and Wages	0.08	-	0.08	-	0.08
Other Expenses	5,041.41	5,109.36	10,150.77	5,109.36	5,041.41
Municipal Prosecutor's Office:					
Salaries and Wages	3,689.42	-	3,689.42	-	3,689.42
Other Expenses	100.00	-	100.00	-	100.00

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF 2012 APPROPRIATION RESERVES

Year ended December 31, 2013

	<u>Balance</u> <u>December 31, 2012</u>	Transferred From Encumbrances <u>Payable</u>	Adjusted <u>Budget</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance:					
Salaries and Wages	25,147.56	(5,000.00)	20,147.56	16,203.60	3,943.96
Other Expenses	299.89	9,219.63	9,519.52	4,266.39	5,253.13
Sewer System:					
Salaries and Wages	5,634.38	-	5,634.38	1,642.29	3,992.09
Other Expenses	12,191.78	23,165.82	35,357.60	32,973.31	2,384.29
Shade Tree Commission:					
Other Expenses	7,141.24	2,987.51	10,128.75	487.50	9,641.25
Storm Drain Cleaning	600.00	-	600.00	-	600.00
Stormwater Management	1,000.00	-	1,000.00	-	1,000.00
Solid Waste Collection:					
Salaries and Wages	10,469.04	-	10,469.04	-	10,469.04
Other Expenses	1,507.60	483.30	1,990.90	483.30	1,507.60
Recycling:					
Salaries and Wages	12,507.62	-	12,507.62	-	12,507.62
Other Expenses	59.55	89.55	149.10	89.55	59.55
Buildings and Grounds:					
Salaries and Wages	1,903.62	-	1,903.62	1,225.15	678.47
Other Expenses	2,313.08	4,527.90	6,840.98	4,072.51	2,768.47
Property Lease	1,142.47	-	1,142.47	-	1,142.47
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	5,261.84	9,613.29	14,875.13	9,654.38	5,220.75
<b>HEALTH AND HUMAN SERVICES</b>					
Public Health Services (Board of Health)					
Other Expenses	349.00	91.00	440.00	91.00	349.00
<b>PARK AND RECREATION</b>					
Recreation Services and Programs:					
Salaries and Wages	1,528.33	-	1,528.33	58.00	1,470.33
Other Expenses	-	10,000.00	10,000.00	10,000.00	-
Senior Citizen Transportation:					
Other Expenses	76.00	1,094.00	1,170.00	858.00	312.00
Maintenance of Parks:					
Other Expenses	2,595.93	2,274.53	4,870.46	3,569.51	1,300.95
Municipal Court:					
Salaries and Wages	5,427.52	-	5,427.52	92.74	5,334.78
Other Expenses	7,722.41	389.26	8,111.67	1,389.26	6,722.41
Board of Health:					
Operating Expenses	84.00	151.00	235.00	35.00	200.00
Hepatitis B Vaccine Costs	-	250.00	250.00	250.00	-
VNA Contract	-	-	-	-	-

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF 2012 APPROPRIATION RESERVES

Year ended December 31, 2013

	Balance <u>December 31, 2012</u>	Transferred From Encumbrances <u>Payable</u>	Adjusted <u>Budget</u>	Paid or <u>Charged</u>	<u>Lapsed</u>
<b>INSURANCE</b>					
Employee Group Health	108,836.87	1,101.65	109,938.52	799.20	109,139.32
<b>Homeland Security (NJSA 40A:4-45.3(pp))</b>					
Office of Emergency Management:					
Other Expenses	6,025.29	1,280.00	7,305.29	920.60	6,384.69
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	76,047.71	3,817.69	79,865.40	14,252.58	65,612.82
Street Lighting	30,727.87	721.45	31,449.32	9,640.51	21,808.81
Telephone (excluding telephone acquisition)	3,820.30	285.65	4,105.95	-	4,105.95
Water	4,013.46	-	4,013.46	-	4,013.46
Fire Hydrants	9,485.02	1.76	9,486.78	9,068.80	417.98
Gas (natural or propane)	13,562.60	573.93	14,136.53	1,031.80	13,104.73
Gasoline	13,610.48	-	13,610.48	5,215.63	8,394.85
Landfill/Solid Waste Disposal Costs	124,683.36	31,736.79	156,420.15	30,442.44	125,977.71
Contingent	1,922.12	-	1,922.12	-	1,922.12
<b>STATUTORY EXPENDITURES</b>					
Contribution To:					
Social Security System (O.A.S.I.)	16,775.73	-	16,775.73	-	16,775.73
Sewer Authority - Share of Cost	140,048.00	-	140,048.00	-	140,048.00
LOSAP	17,000.00	23,000.00	40,000.00	27,600.00	12,400.00
<b>Emergency - Hurricane Sandy</b>					
Other Expenses	1,053,647.41	2,941,709.90	3,995,357.31	3,995,357.31	-
<b>Fair Haven Shared Service Agreements:</b>					
Parks & Grounds					
Salaries & Wages	5,175.00	-	5,175.00	-	5,175.00
Other Expenses	31,043.04	6,781.71	37,824.75	6,781.71	31,043.04
<b>PUBLIC AND PRIVATE PROGRAMS</b>					
<b>OFFSET BY REVENUES</b>					
Matching for Grants	5,000.00	-	5,000.00	-	5,000.00
	<u>\$ 2,046,070.95</u>	<u>\$ 3,191,826.31</u>	<u>\$ 5,237,897.26</u>	<u>\$ 4,359,716.61</u>	<u>\$ 878,180.65</u>
				Cash Disbursements	\$ 4,050,998.11
				Reserve for Tax Appeals	308,718.50
				Accounts Payable	<u>\$ 4,359,716.61</u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF ENCUMBRANCES PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$ 3,191,826.31
Increased By:	
Current Appropriations	<u>289,885.01</u>
	3,481,711.32
Decreased By:	
Transferred To Appropriation Reserves	<u>3,191,826.31</u>
Balance, December 31, 2013	<u><u>\$ 289,885.01</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF ACCOUNTS PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012		\$	23,000.19
Increased By:			
Appropriation Reserves			<u>308,718.50</u>
			331,718.69
Decreased By:			
Accounts Payable Cancelled	\$	920.98	
Cash Disbursements		<u>2,864.97</u>	
			<u>3,785.95</u>
Balance, December 31, 2013		\$	<u><u>327,932.74</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSES

Year ended December 31, 2013

Balance, December 31, 2012	\$ 125.00
Increased By:	
Cash Receipts	<u>825.00</u>
	950.00
Decreased By:	
Cash Disbursements	<u>800.00</u>
Balance, December 31, 2013	<u><u>\$ 150.00</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY - U.C.C. FEES

Year ended December 31, 2013

Balance, December 31, 2012	\$ 3,626.11
Increased By:	
Cash Receipts	<u>28,076.31</u>
	31,702.42
Decreased By:	
Cash Disbursements	<u>23,515.69</u>
Balance, December 31, 2013	<u><u>\$ 8,186.73</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF PREPAID TAXES

Year ended December 31, 2013

Balance, December 31, 2012	\$ 447,634.16
Increased By:	
Cash Receipts:	
Collection of 2013 Taxes	<u>313,609.20</u>
	761,243.36
Decreased By:	
Amount Applied To Taxes Receivable	<u>447,634.16</u>
Balance, December 31, 2013	<u><u>\$ 313,609.20</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAX OVERPAYMENTS PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$ 110,325.35
Decreased By:	
Cash Disbursements	<u>86,377.98</u>
Balance, December 31, 2013	<u>\$ 23,947.37</u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF SEWER FEE OVERPAYMENTS

Year ended December 31, 2013

Balance, December 31, 2012		\$	5,152.68
Increased By:			
Cash Receipts			<u>23,050.93</u>
			28,203.61
Decreased By:			
Cash Disbursements	\$	266.67	
Overpayments Applied		<u>19,238.84</u>	
			<u>19,505.51</u>
Balance, December 31, 2013		\$	<u><u>8,698.10</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DRIVE-IN SANITATION OVERPAYMENTS

Year ended December 31, 2013

Balance, December 31, 2012	\$ 1,200.00
Increased By:	
Cash Receipts	<u>1,200.00</u>
	2,400.00
Decreased By:	
Cash Disbursements	<u>1,600.00</u>
Balance, December 31, 2013	<u><u>\$ 800.00</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE TO GENERAL CAPITAL FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$ 300,000.00
Increased By:	
Transfer from Current Appropriation	<u>300,000.00</u>
Decreased By:	
Cash Disbursements	<u>600,000.00</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF THIRD PARTY LIENS PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$	28.62
Increased By:		
Cash Receipts		<u>111,178.08</u>
		111,206.70
Decreased By:		
Cash Disbursements		<u>111,178.08</u>
Balance, December 31, 2013	\$	<u><u>28.62</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF COUNTY TAXES PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012		\$	85,793.56
Increased By:			
2012 Tax Levy:			
County Taxes	\$	8,994,062.38	
County Library Taxes		577,251.47	
County Open Space Taxes		499,222.47	
Due To County for Added/Omitted Taxes		<u>131,057.26</u>	
			<u>10,201,593.58</u>
			10,287,387.14
Decreased By:			
Cash Disbursements			<u>10,156,329.88</u>
Balance, December 31, 2013		\$	<u><u>131,057.26</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF SCHOOL TAXES PAYABLE

Year ended December 31, 2013

	Local School District	Regional High School
School Tax Payable	\$ 4,005,212.76	\$ 3,787,060.11
School Tax Deferred	<u>1,835,174.03</u>	<u>1,625,435.21</u>
Balance, December 31, 2012	5,840,386.79	5,412,495.32
Increased By:		
Levy (School Year July 1, 2013 to June 30, 2014)	<u>14,442,789.00</u>	<u>11,866,570.00</u>
	20,283,175.79	17,279,065.32
Decreased By:		
Cash Disbursements	<u>14,442,789.00</u>	<u>11,866,570.00</u>
Balance, December 31, 2013	<u><u>\$ 5,840,386.79</u></u>	<u><u>\$ 5,412,495.32</u></u>
Analysis of Balance:		
School Tax Payable	\$ 4,005,212.76	\$ 3,787,060.11
School Tax Deferred	<u>1,835,174.03</u>	<u>1,625,435.21</u>
	<u><u>\$ 5,840,386.79</u></u>	<u><u>\$ 5,412,495.32</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF PRIOR YEAR CONSTRUCTION FEES PAYABLE

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 133.50

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

STATEMENT OF ENCUMBRANCES PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012		\$	2,650.00
Decreased By:			
Cash Disbursements	\$	1,935.00	
Cancelled Encumbrances (12-01160)		<u>715.00</u>	
			<u>2,650.00</u>
Balance, December 31, 2013		\$	<u><u>-</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR MASTER PLAN

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 82.82

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR REVALUATION

Year ended December 31, 2013

Balance, December 31, 2012	\$	16,477.91
Increased By:		
Ordinance Revaluation (13-001)		<u>180,000.00</u>
		196,477.91
Decreased By:		
Cash Disbursements		<u>180,000.00</u>
Balance, December 31, 2013	\$	<u><u>16,477.91</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR TAX SALE PREMIUMS

Year ended December 31, 2013

Balance, December 31, 2012	\$ 5,600.00
Increased By:	
Cash Receipts	<u>244,200.00</u>
	249,800.00
Decreased By:	
Cash Disbursements	<u>3,700.00</u>
Balance, December 31, 2013	<u><u>\$ 246,100.00</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY  
GRANT FUND

STATEMENT OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED

Year ended December 31, 2013

	Balance December 31, 2012	Budget Appropriation	Encumbrance Payable Cancelled	Paid or Charged	Balance December 31, 2013
State of New Jersey:					
N.J. Transportation Trust Fund Grant	\$ 57,503.32	-	-	-	\$ 57,503.32
Recycling Tonnage Grant	21,813.12	16,001.68	-	-	37,814.80
Emergency Road Repair Aid Grant	8,123.26	-	-	-	8,123.26
Clean Communities Program	17,583.14	-	715.00	14,238.17	4,059.97
D.W.I. Grant	593.24	-	-	-	593.24
Municipal Court Alcohol Education and Rehabilitation	-	-	-	534.50	-
Emergency Operations Planning	7,726.96	-	-	-	7,192.46
Body Armor Fund	610.72	-	-	-	610.72
Pothole Program	2,766.32	1,901.05	-	287.55	4,379.82
Drunk Driving Enforcement Fund	1,779.33	-	-	-	1,779.33
Stormwater Grant	6,761.32	2,424.41	-	8,324.09	861.64
Handicapped Recreation Opportunities	7,962.63	-	-	-	7,962.63
N.J. State Police 2004 Exercise Pass Grant	16.00	-	-	-	16.00
FY'08 Assistance to Firefighters Grant	310.00	-	-	-	310.00
NJ DOT Blackpoint Horseshoe	1,426.00	-	-	-	1,426.00
Sandy Planning Asst	160,000.00	-	-	-	160,000.00
	<u>          -</u>	<u>19,000.00</u>	<u>          -</u>	<u>          -</u>	<u>19,000.00</u>
	<u>\$ 294,975.36</u>	<u>\$ 39,327.14</u>	<u>\$ 715.00</u>	<u>\$ 23,384.31</u>	<u>\$ 311,633.19</u>

Cash Disbursements \$ 23,384.31

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND

STATEMENT OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED

Year ended December 31, 2013

Balance, December 31, 2012	\$ 27,890.42
Increased By:	
Cash Receipts	<u>35,137.62</u>
	63,028.04
Decreased By:	
Transferred To Grants Receivable	<u>17,902.73</u>
Balance, December 31, 2013	<u><u>\$ 45,125.31</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DEFERRED CHARGES

Year ended December 31, 2013

	<u>Special Emergency</u>
Balance, December 31, 2012	\$ 5,000,000.00
Increased By:	
Special Emergency Note Appropriation	<u>180,000.00</u>
	5,180,000.00
Decreased By:	
Budget Appropriation	<u>1,693,395.00</u>
Balance, December 31, 2013	<u>\$ 3,486,605.00</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR TAX APPEALS

Year ended December 31, 2013

Balance, December 31, 2012	\$ 355,101.23
Decreased By:	
Cash Disbursements	<u>85,866.38</u>
Balance, December 31, 2013	<u>\$ 269,234.85</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SPECIAL EMERGENCY NOTE PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$ 5,000,000.00
Decreased By:	
Cash Disbursement	<u>1,693,395.00</u>
Balance, December 31, 2013	<u><u>\$ 3,306,605.00</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

PREPAID SEWER FEES

Year ended December 31, 2013

Balance, December 31, 2012	\$	1,690.28
Decreased By:		
Cash Disbursements		<u>1,690.28</u>
Balance, December 31, 2013	\$	<u><u>-</u></u>

TRUST FUND  
STATEMENTS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2013

	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Recreation Commission</u>
Balance, December 31, 2012	\$ 32,516.14	\$ 2,432,814.11	\$ 216,160.56
Increased By Receipts:			
Recreation Fees	-	-	410,171.97
Dog License Fees	13,532.80	-	-
Other Reserves	-	1,414,656.34	-
Dog License Registration Fees	<u>1,153.20</u>	<u>-</u>	<u>-</u>
	<u>14,686.00</u>	<u>1,414,656.34</u>	<u>410,171.97</u>
	<u>47,202.14</u>	<u>3,847,470.45</u>	<u>626,332.53</u>
Decreased By Disbursements:			
Recreation Expenses	-	-	361,690.01
Animal Control Expenditures	10,563.07	-	-
Due To Current Fund	9,617.74	-	-
Other Reserves	-	1,675,074.40	-
Dog License Registration Fees	<u>1,153.20</u>	<u>-</u>	<u>-</u>
	<u>21,334.01</u>	<u>1,675,074.40</u>	<u>361,690.01</u>
Balance, December 31, 2013	<u><u>\$ 25,868.13</u></u>	<u><u>\$ 2,172,396.05</u></u>	<u><u>\$ 264,642.52</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF RESERVE FOR DOG FUND EXPENDITURES

Year ended December 31, 2013

Balance, December 31, 2012		\$ 22,896.00
Increased By:		
Dog License Fees Collected	\$ 8,812.80	
Miscellaneous Fees Collected	4,720.00	
		<u>13,532.80</u>
		36,428.80
Decreased By:		
Expenditures Under R.S.4:19-15.11	10,563.07	
Statutory Excess	7,703.93	
		<u>18,267.00</u>
Balance, December 31, 2013		<u><u>\$ 18,161.80</u></u>

2011 Fees	\$ 9,228.20
2012 Fees	<u>8,933.60</u>
	<u><u>\$ 18,161.80</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF DUE TO CURRENT FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$ 9,617.74
Increased By:	
Statutory Excess	<u>7,703.93</u>
	17,321.67
Decreased By:	
Payments To Current Fund	<u>9,617.74</u>
Balance, December 31, 2013	<u><u>\$ 7,703.93</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

STATEMENT OF RESERVE FOR VARIOUS TRUST FUNDS

Year ended December 31, 2013

	Balance December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2013</u>
Payroll Deductions:				
Pension System	\$ 11,131.48	\$ 700,830.00	\$ 700,830.00	\$ 11,131.48
State Unemployment	93,279.49	18,178.17	20,740.11	90,717.55
	<u>104,410.97</u>	<u>719,008.17</u>	<u>721,570.11</u>	<u>101,849.03</u>
Forfeited Funds	425.48	3.99	-	429.47
Engineering and Escrow				
Deposit	408,518.67	200,673.00	178,087.41	431,104.26
P.O.A.A. Fees	1,386.77	122.00	77.88	1,430.89
Public Defender	2,953.00	400.00	-	3,353.00
Cash Bond	33,330.00	81,832.00	79,962.00	35,200.00
Outside Work	37,619.65	2,613.00	105.00	40,127.65
Reserve for:				
Street Openings	20,000.00	14,000.00	12,000.00	22,000.00
Sick Leave	201,332.50	10,000.00	-	211,332.50
C.O.A.H.	1,588,997.66	378,442.44	673,909.79	1,293,530.31
D.A.R.E.	11,045.86	91.74	2,148.15	8,989.45
Fire Safety	1,000.00	-	-	1,000.00
Cafeteria	1,527.81	7,470.00	7,214.06	1,783.75
Miscellaneous - Other	14,670.88	-	-	14,670.88
	<u>2,322,808.28</u>	<u>695,648.17</u>	<u>953,504.29</u>	<u>2,064,952.16</u>
	<u>\$ 2,427,219.25</u>	<u>\$ 1,414,656.34</u>	<u>\$ 1,675,074.40</u>	<u>\$ 2,166,801.19</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

STATEMENT OF RESERVE FOR SPECIAL ASSESSMENT

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 2,613.00

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUNDS

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 2,981.86

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY - DOG LICENSES

Year ended December 31, 2013

Balance, December 31, 2012	\$	2.40
Increased By:		
Registration Fees Collected		<u>1,153.20</u>
		1,155.60
Decreased By:		
Cash Disbursements		<u>1,153.20</u>
Balance, December 31, 2013	\$	<u><u>2.40</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

STATEMENT OF INVESTMENTS

Year ended December 31, 2013

Balance, December 31, 2012	B		\$ 211,882.17
Increased By:			
Borough Contributions	9-B	\$ 28,750.00	
Appreciation	10-B	<u>40,198.66</u>	
			<u>68,948.66</u>
			280,830.83
Decreased By:			
Accounting Charges	10-B	900.00	
Withdrawals	10-B	<u>8,658.71</u>	
			<u>9,558.71</u>
Balance, December 31, 2013	B		<u><u>\$ 271,272.12</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

STATEMENT OF DUE FROM CURRENT FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$	-
Increased By:		
Appropriation Reserves		<u>28,750.00</u>
		28,750.00
Decreased By:		
Cash Receipts		<u>28,750.00</u>
Balance, December 31, 2013	\$	<u><u>-</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

STATEMENT OF MISCELLANEOUS RESERVES

Year ended December 31, 2013

Balance, December 31, 2012	B		\$ 211,882.17
Increased By:			
Borough Contributions	9-B	\$ 28,750.00	
Appreciation	8-B	<u>40,198.66</u>	
			<u>68,948.66</u>
			280,830.83
Decreased By:			
Accounting Charges	8-B	900.00	
Withdrawals	8-B	<u>8,658.71</u>	
			<u>9,558.71</u>
Balance, December 31, 2013	B		<u><u>\$ 271,272.12</u></u>

GENERAL CAPITAL FUND  
STATEMENTS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2013

Balance, December 31, 2012		\$	1,988,643.14
Increased By:			
Capital Fund Balance	\$	12,956.67	
Due To Current Fund		600,000.00	
Deferred Charges - Unfunded		755,000.00	
Bond Anticipation Notes		3,193,525.00	
Improvement Authorizations		<u>3,868.00</u>	
			<u>4,565,349.67</u>
			6,553,992.81
Decreased By:			
Bond Anticipation Notes		3,948,525.00	
Improvement Authorizations		<u>733,724.03</u>	
			<u>4,682,249.03</u>
Balance, December 31, 2013		\$	<u><u>1,871,743.78</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

Year ended December 31, 2013

	Balance December 31, <u>2013</u>
Due To State of New Jersey	\$ 133.00
Encumbrances Payable	555,068.04
Capital Improvement Fund	900,495.77
Retained Percentage Due To Contractors	84.00
Fund Balance	96,442.79

<u>Date of Ordinance</u>	<u>Improvement Description</u>	
04/04/02,07/21/05	Various Improvements	2,540.00
04/15/04	Various Improvements	1,119.26
05/05/05	Various Improvements	88,225.00
08/03/06	First Aid Equipment	2,698.25
05/25/06	Various Improvements	67,571.90
08/17/06	Office of Emergency Management	1,461.35
03/18/08	Various Improvements	4,793.36
08/30/07	Acquisition of Fire Department Gear & Equipment	314.73
10/13/09	Various Improvements	112,868.79
05/16/11	Various Improvements	7,553.89
03/13/12	Various Equipment	25.00
04/02/12	Road Resurfacing	769,358.48
10/01/12	Various Improvements	(309,851.12)
2/26/13	Various Improvements	(429,158.71)
		<u>1,871,743.78</u>
		<u>\$ 1,871,743.78</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF DUE TO STATE OF NEW JERSEY

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 133.00

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF DUE FROM CURRENT FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$ 300,000.00
Increased By:	
Current Appropriation in Current Fund	<u>300,000.00</u>
	600,000.00
Decreased By:	
Cash Receipt	<u>600,000.00</u>
Balance, December 31, 2013	<u><u>\$ -</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2013

Balance, December 31, 2012		\$	11,932,835.05
Increased By:			
Refunding Bonds Issued			<u>7,575,000.00</u>
			19,507,835.05
Decreased By:			
Payment of Serial Bonds:			
Current Fund	\$	754,000.00	
Refunding Bonds Payable		6,763,000.00	
Payment of Green Acre Loans		<u>39,183.76</u>	
			<u>7,556,183.76</u>
Balance, December 31, 2013		\$	<u><u>11,951,651.29</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2013

Date of Ordinance	Improvement Description	Balance December 31, 2012	Increased by 2013 Authorizations	Decreased	Balance December 31, 2013	Analysis of Balance		
						Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
07/19/07	Acquisition of Land	\$ 384,778.47	\$ -	\$ 5,000.00	\$ 379,778.47	\$ -	\$ -	\$ -
03/18/08	Various Improvements	590,420.95	-	(7,811.05)	598,232.00	-	-	-
06/05/08	Various Improvements	56,653.58	-	-	56,653.58	-	-	-
10/13/09	Various Improvements	980,952.00	-	757,811.05	223,140.95	-	-	-
05/16/11	Various Improvements	935,720.00	-	-	935,720.00	-	-	-
04/02/12	Road Resurfacing	1,691,000.00	-	-	1,691,000.00	-	230,641.52	460,358.48
10/01/12	Various Improvements	446,500.00	-	-	446,500.00	-	313,719.12	132,780.88
12/10/12	Refunding Bonds	8,500,000.00	-	8,500,000.00	-	-	-	-
3/21/13	Various Improvements	-	1,425,000.00	-	1,425,000.00	-	450,824.47	974,175.53
		<u>\$ 13,586,025.00</u>	<u>\$ 1,425,000.00</u>	<u>\$ 9,255,000.00</u>	<u>\$ 5,756,025.00</u>	<u>\$ 3,193,525.00</u>	<u>\$ 995,185.11</u>	<u>\$ 1,567,314.89</u>

Notes	\$ 755,000.00
Bonds	<u>8,500,000.00</u>
	<u>\$ 9,255,000.00</u>

Improvement Authorizations - Unfunded		
Less:		
Unexpended Proceeds of Bond Anticipation Notes Issued:		\$ 2,603,034.60
Ord #10/13/09 Various Improvements		28,165.82
Ord #05/16/11 Various Improvements		7,553.89
Ord #04/02/12 Various Improvements		<u>1,000,000.00</u>
		<u>\$ 1,567,314.89</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF SERIAL BONDS PAYABLE

Year ended December 31, 2013

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2012		Interest Rate	Balance December 31, 2012	Increased	Decreased	Balance December 31, 2013
	Date	Amount	Date	Amount					
General Improvement Bonds	08/15/93	\$ 975,000.00	08/15/13	\$ 49,000.00	5.15%	\$ 49,000.00	\$ 49,000.00	\$ -	-
General Improvement Bonds	07/01/02	4,524,000.00							
General Improvement Bonds	09/01/04	5,600,000.00	09/01/13	400,000.00	3.50%	400,000.00	400,000.00		
General Improvement Bonds	07/17/07	9,338,000.00	07/15/14	250,000.00	4.25%	8,088,000.00	7,013,000.00		1,075,000.00
			07/15/15-17	275,000.00	4.25%				
Refunding Bonds	05/16/12	2,795,000.00	09/01/14	425,000.00	3.00%				
			09/01/15	450,000.00	3.00%				
			09/01/16	445,000.00	3.00%				
			09/01/17	495,000.00	3.00%				
			09/01/18-19	490,000.00	3.00%	2,795,000.00			2,795,000.00
Refunding Bonds	03/13/13	7,575,000.00	07/15/13	55,000.00	2.00%				
			07/15/14	50,000.00	2.00%				
			07/15/15	50,000.00	2.00%				
			07/15/16	55,000.00	2.00%				
			07/15/17	55,000.00	2.00%				
			07/15/18	355,000.00	3.00%				
			07/15/19	430,000.00	4.00%				
			07/15/20	455,000.00	2.00%				
			07/15/21	445,000.00	4.00%				
			07/15/22	475,000.00	4.00%				
			07/15/23	475,000.00	4.00%				
			07/15/24	500,000.00	4.00%				
			07/15/25	540,000.00	2.25%				
			07/15/26	540,000.00	3.00%				
			07/15/27	535,000.00	2.375%				
			07/15/28	530,000.00	2.50%				
			07/15/29	520,000.00	2.60%				
			07/15/30	510,000.00	2.65%				
			07/15/31	505,000.00	2.70%				
			07/15/32	495,000.00	2.750%				
							7,575,000.00	55,000.00	7,520,000.00
							\$ 11,332,000.00	\$ 7,517,000.00	\$ 11,390,000.00

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL CAPITAL FUND

STATEMENT OF BOND ANTICIPATION NOTES PAYABLE

Year ended December 31, 2013

<u>Date of Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
07/19/07	Acquisition of Land	09/29/08	09/04/14	09/03/14	0.75%	\$ 384,778.47	\$ 379,778.47	\$ 384,778.47	\$ 379,778.47
03/18/08	Various Road Improvements	06/16/10	09/04/14	09/03/14	0.75%	618,992.00	598,232.00	618,992.00	598,232.00
06/08/08	Various Road Improvements	06/14/11	09/04/14	09/03/14	0.75%	56,653.58	56,653.58	56,653.58	56,653.58
10/13/09	New Borough Hall	06/16/10	09/04/14	09/03/14	0.75%	952,380.95	223,140.95	952,380.95	223,140.95
05/15/11	Various Improvements	06/14/11	09/04/14	09/03/14	0.75%	935,720.00	935,720.00	935,720.00	935,720.00
09/15/11	Road Resurfacing and Curbing	09/14/12	09/04/14	09/03/14	0.75%	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
						<u>\$ 3,948,525.00</u>	<u>\$ 3,193,525.00</u>	<u>\$ 3,948,525.00</u>	<u>\$ 3,193,525.00</u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF GREEN ACRES LOAN PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$ 600,835.05
Decreased By:	
Budget Appropriation	<u>39,183.76</u>
Balance, December 31, 2013	<u><u>\$ 561,651.29</u></u>

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF ENCUMBRANCES PAYABLE

Year ended December 31, 2013

Balance, December 31, 2012	\$ 233,679.33
Increased By:	
Improvement Authorizations	<u>502,724.62</u>
	736,403.95
Decreased By:	
Transfer To Improvement Authorizations	<u>181,335.91</u>
Balance, December 31, 2013	<u><u>\$ 555,068.04</u></u>

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL CAPITAL FUND

STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Year ended December 31, 2013

Improvement Description	Date	Ordinance Amount	Balance December 31, 2012		2013 Authorizations	Transferred From Encumbrance Payable	Paid or Charged	Reimbursed	Balance December 31, 2013	
			Funded	Unfunded					Funded	Unfunded
Various Improvements	04/04/02,07/21/05	\$ 628,600.00	\$ 2,540.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,540.00	\$ -
Various Improvements	03/06/03	920,800.00	-	-	-	-	-	-	-	-
Various Improvements	04/15/04,3/20/12	1,665,000.00	-	-	-	-	-	-	-	-
Various Improvements	04/15/04	775,000.00	1,119.26	-	-	-	-	-	1,119.26	-
Various Improvements	05/05/05	1,040,000.00	95,725.00	-	-	-	-	-	88,225.00	-
Police Equipment and Building Repairs	08/17/06	31,500.00	-	-	-	7,500.00	-	-	-	-
Acquisition of First Aid Equipment	08/03/06	20,000.00	2,698.25	-	-	-	-	-	2,698.25	-
Acquisition of Gunning Island	03/16/06	2,134,216.00	-	-	-	-	-	-	-	-
Various Improvements	05/25/06	1,143,000.00	67,571.90	-	-	-	-	-	67,571.90	-
Office of Emergency Management Equipment	08/17/06	150,000.00	10,911.35	-	-	9,450.00	-	-	1,461.35	-
Various Improvements	03/29/07,03/18/08,									
	03/24/09	7,937,000.00	32,718.36	-	-	27,925.00	-	-	4,793.36	-
Acquisition of Fire Department Gear & Equipment	08/30/07	47,114.00	1,422.64	-	-	1,107.91	-	-	314.73	-
Various Improvements	06/05/08	97,500.00	-	1,250.00	-	1,250.00	-	-	-	-
Acquisition and/or Installation of Equipment	03/02/09	250,000.00	105.01	-	-	105.01	-	-	-	-
Various Improvements	10/13/09	1,030,000.00	90,778.69	42,026.09	-	70,370.99	-	-	84,702.97	28,165.82
Police Equipment	10/26/10	30,000.00	-	-	-	-	-	-	-	-
Acquisition of Police and DPW Vehicles and Equipment	04/26/11	275,000.00	-	-	-	5,178.38	-	-	-	-
Various Improvements	05/16/11	1,150,000.00	-	66,846.51	-	160,186.28	-	-	-	7,553.89
Refunding Bonds	11/22/11	4,000,000.00	-	-	-	-	-	-	-	-
Various Equipment	03/13/12	154,500.00	51,313.63	-	-	53,512.25	-	-	25.00	-
Road Resurfacing	04/02/12	1,780,000.00	-	1,496,238.23	-	58,485.00	-	-	-	1,460,358.48
Various Improvements	10/01/12	470,000.00	23,500.00	446,500.00	-	337,219.12	-	-	3,868.00	132,780.88
Refunding Bonds	12/10/12	8,500,000.00	-	8,500,000.00	-	8,500,000.00	-	-	-	-
Various Improvements	02/26/13	1,500,000.00	-	-	1,500,000.00	-	-	-	21,665.76	974,175.53
			\$ 380,404.09	\$ 10,552,860.83	\$ 1,500,000.00	\$ 181,335.91	\$ 9,736,448.65	\$ 3,868.00	\$ 278,985.58	\$ 2,603,034.60

Deferred Charges - To Future Taxation Unfunded  
 Capital Improvement Fund

Cash Disbursements  
 Deferred Charges - To Future Taxation Unfunded  
 Encumbrances Payable

\$	1,425,000.00
\$	75,000.00
\$	1,500,000.00
\$	733,724.03
\$	8,500,000.00
\$	502,724.62
\$	9,736,448.65

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF RETAINED PERCENTAGE DUE TO CONTRACTORS

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 84.00

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2013

Balance, December 31, 2012	\$	675,495.77
Increased By:		
Due From Current Fund		<u>300,000.00</u>
		975,495.77
Decreased By:		
Improvement Authorizations Funded		<u>75,000.00</u>
Balance, December 31, 2013	\$	<u><u>900,495.77</u></u>

RUMSON, BOROUGH OF  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2013

<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
Road Resurfacing and Curbing	04/02/12	\$ 691,000.00	\$ -	\$ -	\$ 691,000.00
Various Improvements	10/01/12	446,500.00	-	-	446,500.00
Refunding Bonds	12/18/12	8,500,000.00	-	8,500,000.00	-
Various Improvements	02/26/13	-	1,425,000.00	-	1,425,000.00
		<u>\$ 9,637,500.00</u>	<u>\$ 1,425,000.00</u>	<u>\$ 8,500,000.00</u>	<u>\$ 2,562,500.00</u>

PUBLIC ASSISTANCE FUND  
STATEMENTS

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BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 839.35

BOROUGH OF RUMSON  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Year ended December 31, 2013

Balance, December 31, 2013 and 2012

\$ 839.35

BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF CASH RECONCILIATION PER N.J.S. 40A:5-5

December 31, 2013 to January 31, 2014

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Balance Per Books, December 31, 2013 and January 31, 2014:	<u>\$ 839.35</u>	<u>\$ -</u>	<u>\$ 839.35</u>
Balance Per Rumson-Fair Haven Bank Statement, January 31, 2014: A/C No. 0112004460	<u>\$ 839.35</u>	<u>\$ -</u>	<u>\$ 839.35</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENT

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BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 STATEMENT OF GENERAL FIXED ASSETS

Year ended December 31, 2013

	Balance December 31, 2012	<u>Additions</u>	<u>Deletions</u>	Balance December 31, 2013
Land	\$ 4,948,200.00	\$ -	-	\$ 4,948,200.00
Buildings	1,885,215.00	-	-	1,885,215.00
Equipment	5,498,313.36	319,621.13	179,596.40	5,638,338.09
Improvements	<u>4,400,750.75</u>	<u>-</u>	<u>-</u>	<u>4,400,750.75</u>
	<u>\$ 16,732,479.11</u>	<u>\$ 319,621.13</u>	<u>\$ 179,596.40</u>	<u>\$ 16,872,503.84</u>

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ADDITONAL INFORMATION  
RELATING TO  
FEDERAL FINANCIAL AWARDS

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Rumson  
County of Monmouth  
Rumson, New Jersey

**Report on Compliance for Each Major Federal Program**

We have audited Borough of Rumson's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Borough of Rumson's major federal programs for the year ended December 31, 2013. Borough of Rumson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

### **Report on Internal Control Over Compliance**

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of Borough of Rumson as of and for the year ended December 31, 2013, and have issued our report thereon dated June 03, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
CR #483

Freehold, New Jersey  
June 3, 2014

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BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2013

<u>Department/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cash Received</u>	<u>2013 Expenditures</u>	<u>Cumulative Expenditures</u>
Federal Emergency Management Agency(FEMA) Department of Homeland Security (DHS) Public Assistance Grants Superstorm Sandy	97.036	Not Available	2012 - OPEN	\$ 6,000,000.00	\$ 1,604,370.70	\$ 1,604,370.70 *	\$ 1,604,370.70
				<u>6,000,000.00</u>	<u>1,604,370.70</u>	<u>1,604,370.70</u>	<u>1,604,370.70</u>
<b>Total Federal Financial Awards</b>				<b>\$ 6,000,000.00</b>	<b>\$ 1,604,370.70</b>	<b>\$ 1,604,370.70</b>	<b>\$ 1,604,370.70</b>

\* See Notes to Schedule of Expenditures of Federal Awards.

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**BOROUGH OF RUMSON**  
**NOTES TO SCHEDULES OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Note 1. General**

The accompanying schedules of federal financial assistance present the activity of all federal financial assistance programs of the Borough of Rumson. The Borough is defined in Note 1 to the Borough's financial statements.

**Note 2. Basis of Accounting**

The accompanying schedules of federal financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

**Note 3. Relationship to Financial Statements – Statutory Basis**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's 2012 and 2013 financial statements. Expenditures from awards are reported in the Borough's financial statements as follows:

	<b>Federal</b>	<b>Total</b>
Current Fund	\$ 1,604,371	\$ 1,604,371
Total	\$ 1,604,371	\$ 1,604,371

**Note 4. Relationship to Federal Financial Report**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial report.

**Note 5. Major Programs**

Major programs are identified in the Schedule of Findings and Questioned Costs section.

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SCHEDULE OF FINDINGS QUESTIONED COSTS

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BOROUGH OF RUMSON  
 COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2013

Part 1 - Summary of Auditor's Results

Financial Statement Section

- |   |                                    |
|---|------------------------------------|
| A) Type of auditor's report issued:   | <u>Modified - Regulatory Basis</u> |
| B) Internal control over financial reporting:   |                                    |
| 1) Material weakness(es) identified?  | <u>      </u> Yes <u>  X  </u> No  |
| 2) Significant deficiency (ies) identified that are not considered to be material weaknesses? | <u>      </u> Yes <u>  X  </u> No  |
| C) Noncompliance material to financial statements noted?                                      | <u>      </u> Yes <u>  X  </u> No  |

Federal Awards Section

- |   |                                   |
|---|-----------------------------------|
| D) Internal control over compliance:  |                                   |
| 1) Material weakness(es) identified?  | <u>      </u> Yes <u>  X  </u> No |
| 2) Significant deficiency (ies) identified that are not considered to be material weaknesses?                             | <u>      </u> Yes <u>  X  </u> No |
| E) Type of auditor's report issued on compliance for major programs?  | <u>Unmodified</u>                 |
| F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? | <u>      </u> Yes <u>  X  </u> No |
| G) Identification of major programs:  |                                   |

CFDA Number(s)

97.036	Federal Emergency Management Agency(FEMA)
	Department of Homeland Security (DHS)
	Public Assistance Grants
	Superstorm Sandy

- |   |                                   |
|---|-----------------------------------|
| H) Dollar threshold used to distinguish between Type A and Type B programs? | <u>\$300,000.00</u>               |
| I) Auditee qualified as low-risk auditee?                                   | <u>  X  </u> Yes <u>      </u> No |

COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2013

Part 2 - Schedule of Financial Statement Findings

This Section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

None noted.

COUNTY OF MONMOUTH, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)

Year ended December 31, 2013

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

This Section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133.

None noted.

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STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS

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BOROUGH OF RUMSON

COUNTY OF MONMOUTH, NEW JERSEY

SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT

Year ended December 31, 2013

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a)(b)).

No prior-year findings.

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## COMMENTS AND RECOMMENDATIONS

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The Honorable Mayor and Members of the  
Borough Council  
Borough of Rumson  
Rumson, New Jersey 07760

We have audited the financial statements – statutory basis of the Borough of Rumson in the County of Monmouth for the year ended December 31, 2013.

### Scope of Audit

The audit covered the financial transactions of the Treasurer and Tax Collector, the activities of the Mayor and Council and the records of the various outside departments.

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 Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

## GENERAL COMMENTS

### Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising for the following items:

## **Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):**

A test was conducted to determine that expenditures greater than \$5,400 obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," 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:11-6*.

### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

### **Collection of Interest on Delinquent Taxes and Assessments**

*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 2, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**"BE IT RESOLVED** that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One

### **Collection of Interest on Delinquent Taxes and Assessments (continued):**

Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

### **Tax Collector’s Annual Report**

*N.J.S.54:4-91* requires that on or before May 1<sup>st</sup> of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2013 with the governing body.

### **Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2013 included real estate taxes for 2013.

The last tax sale was held on November 20, 2013 and was complete.

Inspection of 2013 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2013	0
2012	0
2011	0

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

### **Deductions From Taxes**

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

## **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

## **Deposit of Funds Paid to Local Unit**

*N.J.S.40A:5-15* States:

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

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

## **Payroll Fund**

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

## **Municipal Court**

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of twenty (20) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

**Prior Year Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. No prior year findings were noted

**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office at December 31, 2013:

<b>NAME</b>	<b>POSITION</b>
John E. Ekdahl	Mayor
Shaun Broderick	Council President
Laura Atwell	Councilwoman
Benjamin W. Day, Jr.	Councilman
Joseph Hemphill	Councilman
Mark E. Rubin	Councilman
Frank Shanley	Councilman

During 2013, the Borough of Rumson was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Employee Theft - Per Loss Coverage	\$	1,000,000.00
Forgery or Alteration		1,000,000.00
Inside the Premises - Theft of Money and Securities		1,000,000.00
Inside the Premises - Robbery or Safe Burglary of Other Property		1,000,000.00
Computer Fraud		1,000,000.00
Public Employee Dishonesty		1,000,000.00

All of the above bonds were examined and found to be properly executed.

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## **Acknowledgment**

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison  
Registered Municipal Accountant  
No. CR483

Freehold, New Jersey  
June 3, 2014