

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2013**

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**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

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**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Township of Berkeley, New Jersey

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 Township of Berkeley, County of Ocean, 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 Municipality'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 Municipality'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 Township of Berkeley 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 the Township of Berkeley, County of Ocean, 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 has 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 Township’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 Township’s Trust Fund, and represent 17.31% and 19.26% of the assets and liabilities, respectively, of the Township’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 Township of Berkeley, County of Ocean, 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 Non-Profit Organizations* 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.

Prior Period Financial Statements

The financial statements as of December 31, 2012, were audited by other auditors whose report dated November 25, 2013 expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2014, on our consideration of the Township of Berkeley'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 Township of Berkeley's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR #498

July 22, 2014
Medford, New Jersey

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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***

The Honorable Mayor and Members
of the Township Council
Township of Berkeley
County of Ocean
Berkeley, 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 Township of Berkeley (herein referred to as "the Township"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 22, 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 Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 Township'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 four 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 and which is described in the General Comments Section as Finding No's: 2013-01, 2013-02, 2013-03, and 2013-04.

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR #498

Medford, New Jersey
July 22, 2014

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	A-4	\$ 6,435,422.09	\$
Cash - Change Fund		3,510.00	3,510.00
		<u>6,438,932.09</u>	<u>3,510.00</u>
Due from State of New Jersey (P.L. 1971, Ch. 20)		83,434.25	24,815.86
		<u>6,522,366.34</u>	<u>28,325.86</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	2,757,788.88	3,267,100.40
Tax Title Liens Receivable	A-6	592,522.16	461,551.05
Property Acquired for Taxes		6,361,397.58	6,361,397.58
Revenue Accounts Receivable	A-7	16,848.15	12,008.84
Interfunds:			
Trust Other Fund	A-15		1,604.00
Animal Control Trust Fund	A-15	11,648.59	
Payroll	A-15	68,940.53	
Grant Fund	A-16	176,507.04	215,183.63
		<u>9,985,652.93</u>	<u>10,318,845.50</u>
Deferred Charges:			
Deficit in Operations	A-3	46,666.68	815,987.24
Special Emergency Authorizations (40A:4-55)	A-8	5,711,394.68	6,604,815.14
		<u>5,758,061.36</u>	<u>7,420,802.38</u>
		<u>22,266,080.63</u>	<u>17,767,973.74</u>
<u>Grant Fund</u>			
Grants Receivable	A-17	338,316.92	485,786.81
		<u>\$ 22,604,397.55</u>	<u>\$ 18,253,760.55</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,9	\$ 381,079.15	\$ 743,958.74
Reserve for Encumbrances	A-3,9	362,591.12	564,940.81
Special Emergency Note Payable	A-4	4,800,000.00	
Cash - Deficit	A-4		1,404,733.52
Prepaid Taxes	A-4	1,019,592.25	827,920.42
Due to Municipal Utility Authorities		1,784.78	337.19
Sales Tax Payable		1,482.09	1,729.12
Reserve for Garden State Trust Fund	A-4	42,590.00	
Reserve for Police Found Money		1,816.28	2,716.28
Accounts Payable		14,420.24	12,805.91
County Taxes Payable	A-12	93,986.18	4,611.67
Tax Overpayments		268,126.39	206,307.64
Reserve for Contractually Required Severance	A-14	261,769.87	71,782.09
Reserve for Revaluation Program	A-14	53,754.35	53,754.35
Reserve for Storm Damage	A-14	2,475,490.31	3,343,385.67
Interfunds:			
General Capital Fund	A-15	22,108.49	200,000.00
Trust Other Fund	A-15	106,500.64	
		<u>9,907,092.14</u>	<u>7,438,983.41</u>
Reserve for Receivables and Other Assets		9,985,652.93	10,318,845.50
Fund Balance	A-1	<u>2,373,335.56</u>	<u>10,144.83</u>
		<u>22,266,080.63</u>	<u>17,767,973.74</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-16	176,507.04	215,183.63
Reserve for Encumbrances	A-18	19,436.36	4,925.37
Appropriated Reserves	A-18	133,767.80	265,677.81
Unappropriated Reserves	A-19	8,605.72	
		<u>338,316.92</u>	<u>485,786.81</u>
		<u>\$ 22,604,397.55</u>	<u>\$ 18,253,760.55</u>

There were deferred school taxes on December 31, 2013 and 2012 of \$22,719,598 and \$22,726,335 respectively (Exhibits A-10 and A-11).

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$	\$
Fund Balance Utilized with Prior Consent of Director of Local Government Services			
Miscellaneous Revenue Anticipated	A-2	\$ 13,692,757.82	\$ 11,076,093.07
Receipts from Delinquent Taxes	A-2	3,522,500.13	2,467,935.05
Receipts from Current Taxes	A-2	94,388,858.17	91,663,837.36
Non-Budget Revenues	A-2	245,157.65	174,238.71
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	525,599.68	64,401.05
Accounts Payable Cancelled			31,961.48
Animal Control Trust Fund - Statutory Excess		11,648.59	
County Taxes - Cancelled			2.93
Grant Fund Net Cancellation of Balances	A-16	708.05	
Total Income		<u>112,387,230.09</u>	<u>105,478,469.65</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		15,456,483.73	14,873,029.99
Other Expenses		13,657,451.29	18,938,401.23
Deferred Charges and Statutory Expenditures		4,620,141.05	3,753,613.25
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		310,976.99	267,459.44
Other Expenses		1,241,033.42	644,483.75
Capital Improvements		320,000.00	240,000.00
Municipal Debt Service		4,192,151.34	4,102,437.24
Deferred Charges		1,340,369.01	1,429,057.22
	A-3	<u>41,138,606.83</u>	<u>44,248,482.12</u>
Prior Year Senior Citizen Deductions Disallowed		69,131.61	43,495.20
Local District School Taxes	A-10	28,140,501.00	28,361,819.00
Regional School Taxes	A-11	19,624,436.99	19,324,838.14
County Taxes	A-12	20,623,053.95	19,968,930.23
Local Open Space Tax	A-13	512,089.92	512,000.00
Interfund Loans Advanced		40,308.53	59,400.21
Refunds	A-4	2,817.83	
Prior Year Tax Appeals		320,041.25	32,187.51
Total Expenditures		<u>110,470,987.91</u>	<u>112,551,152.41</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Excess/(Deficit) in Revenue		\$ <u>1,916,242.18</u>	\$ <u>(7,072,682.76)</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years	A-3	<u>446,948.55</u>	<u>6,256,695.52</u>
Statutory Excess to Fund Balance		<u>2,363,190.73</u>	
Deficit in Operations to be Raised in Budget			
of Succeeding Year	A		\$ <u>815,987.24</u>
Fund Balance January 1	A	\$ <u>10,144.83</u>	\$ <u>10,144.83</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1,2	<u> </u>	<u> </u>
Fund Balance December 31	A	\$ <u><u>2,373,335.56</u></u>	\$ <u><u>10,144.83</u></u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Miscellaneous Revenues</u>				
Licenses:				
Alcoholic Beverages	A-7	\$ 46,126.00	\$ 46,126.00	\$
Other	A-7	4,800.00	4,775.00	(25.00)
Fees and Permits	A-7	298,000.00	278,638.70	(19,361.30)
Fines and Costs:				
Municipal Court	A-7	177,500.00	222,397.07	44,897.07
Interest and Costs on Taxes	A-7	459,000.00	548,557.90	89,557.90
Interest on Investments and Deposits	A-7	15,400.00	16,064.84	664.84
Beach Admission Fees	A-7	83,000.00	83,626.00	626.00
Municipal Golf Course	A-7	650,480.00	645,606.98	(4,873.02)
Berkeley Township Board of Education - Trash	A-7	16,400.00	16,401.00	1.00
Water and Cable Franchise Fees	A-7	202,260.75	202,260.75	
Hotel and Motel Occupancy Tax	A-7	20,000.00	13,218.06	(6,781.94)
Central Regional Board of Education - Trash	A-7	35,000.00	7,500.00	(27,500.00)
State Aid:				
Energy Receipts Tax	A-7	4,213,875.00	4,213,875.00	
Community Service Officer Program - Ambulance Service Fees		75,000.00		(75,000.00)
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services	A-7	24,255.00	16,126.47	(8,128.53)
Berkeley Board of Education Fuel Facilities	A-7	125,000.00	107,486.64	(17,513.36)
Central Regional Board of Education Fuel Facilities	A-7	225,000.00	237,134.49	12,134.49
Fire Protection	A-7	26,000.00	27,000.00	1,000.00
Public and Private Programs:				
Clean Communities Program	A-15	114,503.00	114,503.00	
COPS Grant		1,266.48	1,266.48	
Division of Highway Safety - Click It or Ticket		4,000.00	4,000.00	
Drive Sober or Get Pulled Over - 2013		4,400.00	4,400.00	
Homeland Security Grant - FY 2012	A-15	25,000.00	25,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-15	30,000.00	30,000.00	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):				
Public and Private Programs (Continued):				
NJ 966 Grant	A-15	\$ 32,206.52	\$ 32,206.52	\$
NJ Division of Highway Safety	A-15	4,150.00	4,150.00	
NJ Office of Emergency Management		17,203.00	17,203.00	
NJLM Sustainable Jersey Grant - 2011	A-15	5,000.00	5,000.00	
Ocean County Tourism Grant	A-15	920.00	920.00	
Other Special Items:				
CDL Loan Program	A-7	5,000,000.00	5,000,000.00	
FEMA Reimbursement - Hurricane Sandy Event	A-7	935,319.62	941,671.52	6,351.90
Health Care Coverage - Employee Percentage	A-7	220,000.00	227,790.81	7,790.81
Interfund - Trust Other Fund	A-7	2,177.49		(2,177.49)
Ocean County Recycling Revenue Sharing Program		20,827.02	31,941.70	11,114.68
Refuge Revenue Sharing Act	A-7	808.00	808.00	
Reserve for Debt Service General Capital	A-7	2,400.01	2,400.01	
Senior/Veteran Administration Fee	A-7	41,000.00	36,400.00	(4,600.00)
Surplus from the Berkeley Township Municipal Utility Authority	A-7	88,100.00	88,100.00	
Surplus from the Berkeley Township Sewer Authority	A-7	410,000.00	410,000.00	
Uniform Fire Safety Act	A-7	28,513.18	28,201.88	(311.30)
Total Miscellaneous Revenues	A-1	13,684,891.07	13,692,757.82	7,866.75
Receipts from Delinquent Taxes	A-1,2	3,218,000.00	3,522,500.13	304,500.13
Subtotal General Revenues		16,902,891.07	17,215,257.95	312,366.88
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	28,397,666.45	30,091,193.59	1,693,527.14
Total General Revenues		45,300,557.52	47,306,451.54	2,005,894.02
Non-Budget Revenues	A-1,4		245,157.65	245,157.65
		\$ 45,300,557.52	\$ 47,551,609.19	\$ 2,251,051.67
Ref.		A-3		

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 94,388,858.17
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12,13	<u>68,893,344.87</u>
Balance for Support of Municipal Budget		
Appropriations		25,495,513.30
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>4,595,680.29</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u>\$ 30,091,193.59</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 3,333,293.65
Tax Title Lien Collections	A-6	<u>189,206.48</u>
	A-2	<u>\$ 3,522,500.13</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Salaries and Wages	\$ 208,068.00	\$ 205,568.00	\$ 204,475.23	\$ 1,092.77	\$
Other Expenses	67,700.00	46,297.67	46,287.71	9.96	
Human Resources					
Salaries and Wages	29,102.00	16,902.00	16,898.94	3.06	
Other Expenses	4,285.00	4,885.00	4,882.42	2.58	
Office of the Mayor					
Salaries and Wages	8,500.00	8,500.00	8,499.92	.08	
Other Expenses	1,000.00	1,400.00	1,382.58	17.42	
Township Council					
Salaries and Wages	56,000.00	50,000.00	49,999.56	.44	
Other Expenses	4,220.00	4,639.00	4,499.00	140.00	
Municipal Clerk					
Salaries and Wages	230,909.00	230,909.00	230,167.74	741.26	
Other Expenses	22,645.00	24,583.24	24,583.24		
Financial Administration					
Salaries and Wages	353,578.00	347,578.00	345,499.91	2,078.09	
Other Expenses	25,000.00	17,500.00	15,924.72	1,575.28	
Contractually Required Severance Liabilities					
Other Expenses		446,948.55	446,948.55		
Audit Services					
Other Expenses	49,000.00	47,000.00	47,000.00		
Revenue Administration (Tax Collection)					
Salaries and Wages	305,274.00	301,177.92	301,177.92		
Other Expenses	78,600.00	78,600.00	77,806.31	793.69	
Tax Assessment Administration					
Salaries and Wages	236,060.00	221,335.25	221,335.25		
Other Expenses	14,250.00	14,850.00	13,537.53	1,312.47	

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Legal Services	\$ 350,000.00	\$ 350,000.00	\$ 328,640.53	\$ 21,359.47	\$
Other Expenses					
Municipal Court:					
Salaries and Wages	215,093.00	215,093.00	211,727.12	3,365.88	
Other Expenses	9,420.00	9,420.00	8,233.31	1,186.69	
Public Defender (P.L. 1997, c256)					
Other Expenses	15,000.00	15,000.00	12,855.00	2,145.00	
Engineering Services					
Other Expenses	123,500.00	123,500.00	120,568.72	2,931.28	
Economic Development Agencies					
Salaries and Wages	750.00	757.93	757.93		
Other Expenses	25.00	25.00	25.00		
<u>Land Use Administration</u>					
Planning Board / Director of Planning					
Other Expenses	70,000.00	70,000.00	69,800.85	199.15	
Planning Board					
Salaries and Wages	1,200.00	3,803.00	2,602.74	1,200.26	
Other Expenses	19,280.00	8,379.91	8,331.50	48.41	
Division of Zoning					
Salaries and Wages	49,043.00	51,387.00	50,874.24	512.76	
Other Expenses	2,070.00	2,070.00	1,137.43	932.57	
Zoning Board of Adjustment					
Salaries and Wages	1,500.00	2,978.00	2,977.74	.26	
Other Expenses	23,850.00	23,850.00	23,448.95	401.05	
<u>Insurances</u>					
General Liability	1,150,000.00	1,293,297.63	1,260,381.63	32,916.00	
Workers Compensation	325,000.00	389,591.03	329,231.86	60,359.17	
Employee Group Insurance	5,361,935.00	5,423,923.44	5,423,923.44		
Unemployment Insurance	50,000.00	50,000.00	50,000.00		

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Public Safety Functions</u>					
Police Department					
Salaries and Wages	\$ 8,645,344.00	\$ 8,486,001.47	\$ 8,486,001.47	\$	\$
Other Expenses	440,076.00	360,892.68	360,889.75	2.93	
Emergency Management					
Salaries and Wages	18,700.00	6,700.00	6,211.52	488.48	
Other Expenses	6,350.00	6,350.00	6,005.70	344.30	
Aid to Volunteer Fire Companies					
Salaries and Wages	15,000.00	15,002.00	15,002.00		
Other Expenses	207,826.50	213,826.50	213,799.10	27.40	
First Aid Contribution					
Other Expenses	125,000.00	125,000.00	125,000.00		
Fire Department					
Salaries and Wages	114,087.42	114,087.42	111,367.98	2,719.44	
Other Expenses	12,130.00	2,813.59	2,813.59		
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	28,513.18	28,513.18	28,513.18		
Municipal Prosecutor:					
Other Expenses	40,000.00	46,932.50	46,932.50		
<u>Public Works Functions</u>					
Streets and Roads Maintenance:					
Salaries and Wages	458,570.34	426,570.34	422,365.03	4,205.31	
Other Expenses	159,800.00	153,239.02	153,096.75	142.27	
Contractual	120,000.00	109,653.48	109,653.48		
Other Public Works Functions/Signs, Maintenance					
Salaries and Wages	117,581.00	117,581.00	115,850.92	1,730.08	
Other Expenses	19,000.00	19,000.00	17,709.39	1,290.61	
Other Public Works Functions/ Building Demolition					
Other Expenses	10,000.00				

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Sanitation/Solid Waste Collection:					
Salaries and Wages	\$ 1,789,171.00	\$ 1,959,935.05	\$ 1,959,935.05	\$	\$
Other Expenses	182,350.00	182,350.00	174,265.75	8,084.25	
Solid Waste Collection/Recycling					
Salaries and Wages	348,159.00	348,159.00	348,159.00		
Other Expenses	21,445.00	21,445.00	15,522.61	5,922.39	
Buildings and Grounds:					
Salaries and Wages	173,143.00	150,143.00	148,320.45	1,822.55	
Other Expenses	70,325.00	77,525.00	77,477.76	47.24	
Equipment Maintenance					
Salaries and Wages	252,444.00	309,444.00	309,414.55	29.45	
Other Expenses	30,050.00	30,050.00	29,916.12	133.88	
<u>Health and Human Services</u>					
Environmental Health Services					
Salaries and Wages	600.00	600.00	300.00	300.00	
Other Expenses	3,350.00	3,350.00	45.00	3,305.00	
Animal Control Services					
Salaries and Wages	132,925.00	138,983.05	138,983.05		
Other Expenses	11,190.00	11,190.00	9,571.99	1,618.01	
Contribution - Providence House (N.J.S.A. 40:23-8.17)	930.00	930.00	930.00		
Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4)	930.00	930.00	930.00		
<u>Parks and Recreation</u>					
Recreation Services and Programs					
Salaries and Wages	434,631.00	431,631.00	430,557.77	1,073.23	
Other Expenses	56,800.00	45,155.22	45,114.16	41.06	
Recreation Services and Programs/Golf Course					
Salaries and Wages	559,189.00	543,189.00	542,804.45	384.55	
Other Expenses	103,900.00	103,900.00	103,723.41	176.59	
Maintenance of Parks					
Salaries and Wages	484,795.00	452,212.86	452,212.86		
Other Expenses	72,000.00	72,000.00	70,854.86	1,145.14	

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Beach and Boardwalk Operations					
Salaries and Wages	\$ 99,000.00	\$ 99,000.00	\$ 98,613.52	\$ 386.48	\$
Other Expenses	7,600.00	7,600.00	7,072.84	527.16	
<u>Utilities and Bulk Purchases</u>					
Utilities					
Other Expenses	538,500.00	393,248.81	371,415.50	21,833.31	
Street Lighting					
Other Expenses	516,000.00	516,000.00	467,883.23	48,116.77	
Gasoline					
Other Expenses	700,000.00	833,529.02	833,418.81	110.21	
Fire Hydrants					
Other Expenses	268,380.00	268,380.00	268,380.00		
<u>Landfill/Solid Waste</u>					
Landfill/Solid Waste Disposal Costs					
Other Expenses/Tipping	1,600,000.00	1,600,000.00	1,599,377.84	622.16	
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions:					
Salaries and Wages	175,663.92	172,742.26	172,316.01	426.25	
Other Expenses	4,400.00	4,400.00	3,890.98	509.02	
Total Operations within Caps	<u>28,637,706.36</u>	<u>29,111,935.02</u>	<u>28,869,044.45</u>	<u>242,890.57</u>	
Contingent	2,000.00	2,000.00		2,000.00	
Total Operations within Caps including Contingent	<u>28,639,706.36</u>	<u>29,113,935.02</u>	<u>28,869,044.45</u>	<u>244,890.57</u>	
Detail:					
Salaries and Wages	15,542,593.86	15,456,483.73	15,433,923.05	22,560.68	
Other Expenses	13,097,112.50	13,657,451.29	13,435,121.40	222,329.89	

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

Sheet 6 of 9

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
<u>WITHIN CAPS</u>					
<u>Deferred Charges</u>					
Prior Year Bills:					
Montenegro, Thompson, Montenegro & Genz - 2010	\$ 330.00	\$ 330.00	\$ 330.00	\$	\$
Montenegro, Thompson, Montenegro & Genz - 2011	390.00	390.00	390.00		
Deficit in Operation	717,819.44	717,819.44	717,819.44		
Deficit in Fund Balance	51,501.12	51,501.12	51,501.12		
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System	1,241,138.00	1,183,506.49	1,183,505.89	.60	
Police and Firemen's Retirement System of NJ	1,808,748.00	1,808,748.00	1,808,748.00		
Public Employee Retirement System	857,846.00	857,846.00	857,846.00		
Total Deferred Charges and Statutory Expenditures within Caps	4,677,772.56	4,620,141.05	4,620,140.45	.60	
Total Appropriations within Caps	33,317,478.92	33,734,076.07	33,489,184.90	244,891.17	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Insurance (N.J.S.A. 40A:4-45.3(00))					
Employee Group Health Insurance	254,865.00	254,865.00	254,865.00		
Length of Service Awards Program (N.J.A.C. 5:30-14.25)	220,000.00	220,000.00	203,226.00	16,774.00	
Other Expenses					
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))					
Salaries and Wages	168,326.00	170,175.99	170,175.99		
Other Expenses	85,000.00	85,000.00	59,956.69	25,043.31	
Recycling Enhancement Act (P.L. 2007 c.311)					
Other Expenses	91,542.00	63,065.42	61,795.75	1,269.67	
Community Service Officer Program					
Salaries and Wages	74,500.00	74,500.00	4,884.00	69,616.00	
Other Expenses	500.00	500.00		500.00	

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Interlocal Municipal Service Agreements</u>					
Ocean County Health - Animal Control	\$ 24,255.00	\$ 24,255.00	\$ 14,515.00	\$ 9,740.00	\$
Other Expenses					
Ocean County Social Services - Relocation Expenses	2,500.00	2,500.00		2,500.00	
Other Expenses					
Fire Protection - South Toms River	26,000.00	26,000.00	26,000.00		
Other Expenses					
Animal Control - Pinhe Beach, South Seaside Park, Ocean Gate	35,000.00	35,000.00	24,255.00	10,745.00	
Salaries and Wages					
Berkeley Board of Education - Fuel	125,000.00	125,000.00	125,000.00		
Other Expenses					
Central Regional Board of Education - Fuel	225,000.00	225,000.00	225,000.00		
Other Expenses					
<u>Public and Private Programs Offset by Revenues</u>					
Body Armor Replacement 2012					
Clean Communities Grant					
Salaries and Wages	79,503.00	79,503.00	79,503.00		
Other Expenses	35,000.00	35,000.00	35,000.00		
Click It or Ticket	4,000.00	4,000.00	4,000.00		
COPS Grant	1,266.48	1,266.48	1,266.48		
Drive Sober or Get Pulled Over - 2013	4,400.00	4,400.00	4,400.00		
EMAA OEM Grant - FY 2011					
Green Communities Grant					
Homeland Security Grant - FY 2012	25,000.00	25,000.00	25,000.00		
Homeland Security Grant - FY 2011					
Municipal Alliance Grant - Municipal Share					
Salaries and Wages	7,500.00	7,500.00	7,500.00		
Municipal Alliance Grant - State Share					
Salaries and Wages	18,798.00	18,798.00	18,798.00		
Other Expenses	11,202.00	11,202.00	11,202.00		

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
	\$	\$	\$	\$	\$
NJ 966 Reimbursement Program	32,206.52	32,206.52	32,206.52		
NJ Division of Highway Safety	4,150.00	4,150.00	4,150.00		
NJ Office of Emergency Management	17,203.00	17,203.00	17,203.00		
Ocean County Tourism Grant	920.00	920.00	920.00		
Sustainable Jersey Small Grants 2011	5,000.00	5,000.00	5,000.00		
Total Operations excluded from Caps	1,578,637.00	1,552,010.41	1,415,822.43	136,187.98	
Detail:					
Salaries and Wages	309,127.00	310,976.99	300,231.99	10,745.00	
Other Expenses	1,269,510.00	1,241,033.42	1,115,590.44	125,442.98	
	320,000.00	320,000.00	320,000.00		
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund					
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	3,075,000.00	3,075,000.00	3,075,000.00		13,218.75
Interest on Bonds	962,582.50	962,582.50	949,363.75		
Interest on Notes	11,522.00	68,499.99	68,499.99		
NJEIT					
Loan Repayments for Principal and Interest	99,287.80	99,287.80	99,287.60		.20
Total Municipal Debt Service excluded from Caps	4,148,392.30	4,205,370.29	4,192,151.34		13,218.95
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations - 5 Years	1,340,369.01	1,340,369.01	1,340,369.01		
Total General Appropriations excluded from Caps	7,387,398.31	7,417,749.71	7,268,342.78	136,187.98	13,218.95
Subtotal General Appropriations	40,704,877.23	41,151,825.78	40,757,527.68	381,079.15	13,218.95
Reserve for Uncollected Taxes	4,595,680.29	4,595,680.29	4,595,680.29		
Total General Appropriations	\$ 45,300,557.52	\$ 45,747,506.07	\$ 45,353,207.97	\$ 381,079.15	\$ 13,218.95
Ref.		A-1		A	A-1

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 9 of 9

	<u>Ref.</u>	<u>Appropriated Budget After Modification</u>
Adopted Budget		\$ 45,267,431.00
Appropriations added by 40A:4-87		33,126.52
Special Emergency Authorizations	A-1,8	446,948.55
	A-3	\$ 45,747,506.07

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B

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

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 84,702.59	\$ 60,608.74
<u>Other Trust Fund</u>			
Cash	B-1	7,820,392.05	5,897,578.10
Due From Regional School District	B-1	20,000.00	
Interfund - Current Fund	B-4	106,500.64	
Deficit in Reserve for Construction Code	B-5	46,695.38	
		<u>7,993,588.07</u>	<u>5,897,578.10</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-7	<u>1,691,740.62</u>	<u>1,421,568.26</u>
		<u>\$ 9,770,031.28</u>	<u>\$ 7,379,755.10</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund	B-2	\$ 73,018.60	\$ 60,600.94
Due to State of New Jersey	B-3	35.40	7.80
Interfund - Current Fund	B-3, A	11,648.59	
		<u>84,702.59</u>	<u>60,608.74</u>
<u>Other Trust Fund</u>			
Interfund - Current Fund	B-4		1,604.00
Due to State of New Jersey		25,579.00	9,835.00
Reserve for:			
Miscellaneous Reserves	B-5	7,199,871.37	5,165,032.52
Open Space	B-6	768,137.70	721,106.58
		<u>7,993,588.07</u>	<u>5,897,578.10</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-7	<u>1,691,740.62</u>	<u>1,421,568.26</u>
		<u>\$ 9,770,031.28</u>	<u>\$ 7,379,755.10</u>

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

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>			
Cash	C-1	\$ 791,143.11	\$ 4,537,535.45
Environmental Infrastructure Trust Loan Accounts			
Receivable	C-2		178,136.00
Deferred Charges to Future Taxation:			
Funded	C-3	29,085,423.35	32,451,698.89
Unfunded	C-4	7,257,924.00	1,465,020.00
Interfund - Current Fund	C-9	22,108.49	200,000.00
Grants Receivable	C-11	1,132,551.92	1,188,500.42
		<u>\$ 38,289,150.87</u>	<u>\$ 40,020,890.76</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-5	\$ 20,827.97	\$ 3,917.97
Reserve for Debt Service	C-6		2,400.01
Improvement Authorizations:			
Funded	C-7	399,831.42	2,493,945.93
Unfunded	C-7	5,517,119.26	1,438,489.94
Reserve for Encumbrances	C-7	2,405,044.87	2,625,609.02
Environmental Infrastructure Trust Fund Loans	C-8	2,197,659.00	2,554,333.89
Serial Bonds	C-9	26,862,000.00	29,937,000.00
Green Trust Loan Payable	C-10	886,668.35	965,194.00
		<u>\$ 38,289,150.87</u>	<u>\$ 40,020,890.76</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$7,257,924.00 (Schedule C-12).

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash	\$ <u>252,426.12</u>	\$ <u>154,430.80</u>
<u>Liabilities</u>		
Interfund Payable - Current Fund	\$ 68,940.53	\$
Payroll Deductions Payable	<u>183,485.59</u>	<u>154,430.80</u>
	\$ <u>252,426.12</u>	\$ <u>154,430.80</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land	\$ 6,531,802.00	\$ 6,531,802.00
Buildings and Improvements	7,625,923.00	7,625,922.71
Machinery and Equipment	<u>25,256,494.72</u>	<u>25,284,436.00</u>
	<u>\$ 39,414,219.72</u>	<u>\$ 39,442,160.71</u>
Investment in General Fixed Assets	<u>\$ 39,414,219.72</u>	<u>\$ 39,442,160.71</u>

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

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

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

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TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Descriptions of Funds

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2013 is set forth in Note 9.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2013 is set forth in Note 4.

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

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

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

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

During 2013 and 2012 the following changes occurred in the fixed assets of the Township:

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Fixed Assets Account Group:				
Land	\$ 6,531,802.00	\$	\$	\$ 6,531,802.00
Improvements	7,625,923.00			7,625,923.00
Machinery and Equipment	25,284,436.00	1,384,749.72	1,412,691.00	25,256,494.72
	<u>\$ 39,442,161.00</u>	<u>\$ 1,384,749.72</u>	<u>\$ 1,412,691.00</u>	<u>\$ 39,414,219.72</u>
	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Fixed Assets Account Group:				
Land	\$ 6,531,802.00	\$	\$	\$ 6,531,802.00
Improvements	7,625,923.00			7,625,923.00
Machinery and Equipment	25,284,436.00			25,284,436.00
	<u>\$ 39,442,161.00</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 39,442,161.00</u>

D. Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$15,426,336 and the bank balance amount was \$16,697,546. Of this amount \$464,458 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$14,252,332. An amount of \$1,980,756 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured:		
FDIC	\$ 464,458	\$ 544,434
GUDPA	14,252,332	9,969,715
Various Escrows	<u>1,980,756</u>	<u>2,264,594</u>
	\$ <u>16,697,546</u>	\$ <u>12,778,743</u>

Custodial Credit Risk - Deposits

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

State law limits investments as noted above.

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

NOTE 3. DEBT

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

A. Long-Term Debt

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

General Capital Fund

\$8,103,000 2004 Bonds due in annual installments ranging from \$690,000 to \$973,000 through 2015 at interest rates ranging from 4.00% to 4.25%	\$ 1,903,000
\$9,384,000 2006 Bonds due in annual installments ranging from \$719,000 to \$720,000 through 2020 at interest rates ranging from 4.00% to 4.50%	5,039,000
\$12,745,000 2010 Bonds due in annual installments ranging from \$500,000 to \$995,000 through 2024 at interest rates ranging from 3.00% to 4.00%	10,495,000
\$9,950,000 2012 Bonds due in annual installments ranging from \$525,000 to \$1,050,000 through 2023 at interest rates ranging from 2.125% to 3.00%	<u>9,425,000</u>
	\$ <u>26,862,000</u>

The bonds mature serially in installments to the year 2024. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,125,000	\$ 910,276	\$ 4,035,276
2015	3,168,000	793,769	3,961,769
2016	2,695,000	633,630	3,328,630
2017	2,720,000	531,292	3,251,292
2018	2,720,000	449,393	3,169,393
2019-23	11,439,000	1,077,891	12,516,891
2024	<u>995,000</u>	<u>19,900</u>	<u>1,014,900</u>
	\$ <u>26,862,000</u>	\$ <u>4,416,151</u>	\$ <u>31,278,151</u>

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)****Green Trust Loan Programs**

During 2001, the Township closed on a Green Trust Loan in the sum of \$185,825 for the Berkeley Recreation Acquisition at an interest rate of 2%. Additionally, during 2001, the Township received proceeds from a Green Trust Loan in the amount of \$409,630 for Veterans' Park Driving Range, at an interest rate of 2%. On December 19, 2007, the Township closed on a Green Trust Loan in the sum of \$500,000 for the Toms River Park at an interest rate of 2%. On May 19, 2008, the Township closed on a Green Trust Loan in the sum of \$289,203 for Toms River Park Phase II at an interest rate of 2%

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 80,104	\$ 17,335	\$ 97,439
2015	81,714	15,725	97,439
2016	83,357	14,082	97,439
2017	85,032	12,407	97,439
2018	72,669	10,768	83,437
2019-23	299,920	33,034	332,954
2024-28	<u>183,872</u>	<u>8,061</u>	<u>191,933</u>
	\$ <u>886,668</u>	\$ <u>111,412</u>	\$ <u>998,080</u>

Environmental Infrastructure Trust Fund Loans

During 2007, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$1,320,000 for Potters Creek. \$345,000 was funded by a trust loan with interest rates ranging from 3.40% to 5.00%. The remaining \$975,000 was funded by a fund loan with 0.00% interest. The loan matures in 2027.

During 2008, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$814,303 for storm water management, roadway and drainage improvements. \$405,000 was funded by a trust loan with interest rates ranging from 5.00% to 5.50%. The remaining \$409,303 was funded by a fund loan with 0.00% interest. The loan matures in 2021.

During 2010 the Township entered into a loan agreement funded by the New Jersey Environmental Trust in the amount of \$1,005,700 for storm water management. \$250,000 will be funded by a trust loan with interest rates ranging from 3.845% to 4.25%. The remaining \$755,700 will be funded by an interest free fund loan. The loan is payable in installments commencing August 1, 2011 and maturing on August 1, 2029.

NOTE 3. DEBT (CONTINUED)**A. Long-Term Debt (Continued)****Environmental Infrastructure Trust Fund Loans (Continued)**

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>
2014	\$ 121,504	\$ 55,000	\$ 37,178
2015	123,024	60,000	34,638
2016	120,398	60,000	31,638
2017	117,772	60,000	28,638
2018	124,293	65,000	25,638
2019-23	520,929	295,000	78,038
2024-28	324,249	180,000	24,775
2029		20,000	797
Deobligation	_____	<u>(49,510)</u>	_____
	\$ <u>1,452,169</u>	\$ <u>745,490</u>	\$ <u>261,340</u>

A deobligation of undisbursed loan proceeds occurred in 2013. Revised amortization schedules were not made available to the Township.

B. Short-Term Debt

There was no short-term debt at December 31, 2013.

C. Bonds and Notes Authorized but not Issued

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

	<u>2013</u>	<u>2012</u>
General Capital Fund	\$ 7,257,924	\$ 1,465,020

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2013 was 0.70%. The Township's remaining borrowing power is 2.80%.

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

NOTE 3. DEBT (CONTINUED)**E. Summary of Debt Service**

During 2013 and 2012 the following changes occurred in the outstanding debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
General Debt:				
Serial Bonds	\$ 29,937,000	\$	\$ 3,075,000	\$ 26,862,000
Green Trust Loans	965,194		78,526	886,668
NJEIT Loans	2,554,334		356,675	2,197,659
	<u>\$ 33,456,528</u>	<u>\$ -0-</u>	<u>\$ 3,510,201</u>	<u>\$ 29,946,327</u>
	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
General Debt:				
Serial Bonds	\$ 23,047,000	\$ 9,950,000	\$ 3,060,000	\$ 29,937,000
Bond Anticipation Notes	4,324,871		4,324,871	
Green Trust Loans	1,042,172		76,978	965,194
NJEIT Loans	2,734,881		180,547	2,554,334
	<u>\$ 31,148,924</u>	<u>\$ 9,950,000</u>	<u>\$ 7,642,396</u>	<u>\$ 33,456,528</u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$3,057,644 and \$3,678,132 at December 31, 2013 and 2012, respectively. A reserve is maintained in the Other Trust Fund and had no balance as of 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.

NOTE 5. FUND BALANCES APPROPRIATED

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

	<u>2013</u>	<u>2012</u>
Current Fund	\$ *	\$ -0-

* Pending

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2013</u>	<u>2012</u>
Prepaid Taxes	\$ 1,019,592	\$ 827,920

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

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

NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, 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 sheet of the various funds:

	<u>Balance Dec. 31, 2013</u>	<u>Required to be Raised as 2014 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Special Emergency Authorizations (N.J.S. 40A:4-55)			
2011 Contractually Required Severance Liabilities	\$ 259,090	\$ 87,030	\$ 172,060
2012 Contractually Required Severance Liabilities	205,356	51,339	154,017
Superstorm Sandy	4,800,000	1,200,000	3,600,000
2013 Contractually Required Severance Liabilities	<u>446,949</u>	<u>89,390</u>	<u>357,559</u>
	\$ <u>5,711,395</u>	\$ <u>1,427,759</u>	\$ <u>4,283,636</u>

The Current Fund has a 1.50% emergency note outstanding at December 31, 2013 in the amount of \$4,800,000 for expenses related to Superstorm Sandy. The note is required to be repaid at a minimum amount of 20% of the original emergency per year or a maximum of five years.

NOTE 10. PENSION PLANS

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

Public Employees' Retirement System (PERS)

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

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

NOTE 10. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

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

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

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

Defined Contribution Retirement Program (DCRP)

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

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

There were 10 Township employees enrolled in the DCRP for the years ended December 31, 2013 and 2012 and none for the year ended December 31, 2011. Employer DCRP contribution amounts were not available.

Other Information

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

NOTE 10. PENSION PLANS (CONTINUED)**Other Information (Continued)**

	2013		2012		2011	
	PERS	PFRS	PERS	PFRS	PERS	PFRS
Normal Contribution	\$ 227,967	\$ 718,155	\$ 252,203	\$ 722,307	\$ 296,347	\$ 998,661
Accrued Liability	545,074	908,196	504,406	779,856	472,210	781,805
Total Regular Pension Contribution	773,041	1,626,351	756,609	1,502,163	768,557	1,780,466
Non-Contributory Group Life Insurance	46,009	68,855	48,205	56,331	58,371	79,817
Chapter 19, P.L. 2009 Deferred Contribution	38,796	113,542	38,298	112,720		
Total Due	\$ 857,846	\$ 1,808,748	\$ 843,112	\$ 1,671,214	\$ 826,928	\$ 1,860,283

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

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS**Plan Description**

The Township 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. 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. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The 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. In 1990, the Township authorized participation in the SHBP’s post-retirement benefit program through Resolution Number 89-256. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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

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 health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**Funding Policy (Continued)**

The Township contributions to SHBP for the years ended December 31, 2013, 2012 and 2011 were \$1,729,084, \$1,480,246 and \$1,219,442, respectively, which equaled the required contributions for each year. There were approximately 107, 103 and 89 retired participants eligible at December 31, 2013, 2012 and 2011, respectively.

NOTE 12. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Garden State Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

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

NOTE 13. SCHOOL TAXES

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

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

	Local District School Tax		Regional School Tax	
	Balance December 31		Balance December 31	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Balance of Tax	\$ 13,671,002	\$ 13,569,906	\$ 9,048,596	\$ 9,156,429
Deferred	<u>13,671,002</u>	<u>13,569,906</u>	<u>9,048,596</u>	<u>9,156,429</u>
Tax Payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE 14. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2013, the Township estimates that no material liabilities will result from such audits.

Major Tax Assessments

It was noted that there were no assessments in excess of 1% of the total assessed valuation during the 2013 year.

Pending Litigation

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

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

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 257,097	\$ 128,609
Grant Fund		176,507
Animal Control Trust Fund		11,649
Trust Other Fund	106,501	
Capital Fund	22,108	
Payroll Fund	<u> </u>	<u>68,941</u>
	\$ <u>385,706</u>	\$ <u>385,706</u>

Interfund balances remaining at year-end were primarily caused by the Grant Fund not having a separate bank account and temporary short-term advances between funds.

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

The Township has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan”) to ensure retention of the Township’s volunteer firefighters and volunteer members of emergency service squads. 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 Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget, commencing with the year 2002.

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

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

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township 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.

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 emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

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

NOTE 17. SERVICE CONTRACT - UTILITY AUTHORITIES

The Township adopted an ordinance on April 19, 1961 providing a service contract between the Township and the Berkeley Township Sewerage Authority and also adopted an ordinance on February 16, 1988 providing a service contract between the Township and the Berkeley Township Utilities Authority. The contracts, among other things, obligates the Township to pay to the Authorities such sums of money as may be necessary to provide for deficits which result from failure of the Authorities to provide adequate revenues from their operations.

NOTE 18. FEMA COMMUNITY DISASTER LOAN

On May 21, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down \$5,000,000 of the total amount in October 2013. The Township's accrued interest at December 31, 2013 is \$11,232.88.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case May 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and unreimbursed disaster related operating expenses.

The funds were recognized as revenue for the year ended December 31, 2013 in the Current Fund.

NOTE 19. SUBSEQUENT EVENT

During 2014 the Township authorized the issuance of \$6,2100,369 in general improvement bonds or notes to finance various capital improvements and the acquisition of various capital equipment.

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SUPPLEMENTARY EXHIBITS

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TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2012 - (Deficit)		\$ (1,404,733.52)
Increased by Receipts:		
Prepaid Taxes	\$ 1,019,592.25	
Tax Overpayments	300,256.26	
State of New Jersey (Ch. 20, P.L. 1971)	1,820,000.00	
Miscellaneous Revenue not Anticipated	245,157.65	
Special Emergency Note Payable	4,800,000.00	
Sales Tax Payable	21,345.74	
Taxes Receivable	94,770,382.26	
Tax Title Liens Receivable	189,206.48	
Revenue Accounts Receivable	13,448,153.81	
Due to Municipal Utility Authority	293,292.92	
Revenue Reserve-Garden State Trust	42,590.00	
Interfunds:		
General Capital Fund	24,508.50	
Other Trust Funds	1,310,614.88	
Grant Fund	282,713.76	
		<u>118,567,814.51</u>
		117,163,080.99
Decreased by Disbursements:		
Tax Overpayments Refunded	382,379.62	
Due to Municipal Utility Authority	291,845.33	
Accounts Payable	485.67	
Sales Tax Payable	21,592.77	
Budget Appropriations	37,592,149.44	
Appropriation Reserves	781,199.87	
County Taxes Payable	20,533,679.44	
Regional School Tax	19,624,436.99	
Local School District Tax	28,140,501.00	
Open Space Tax	512,089.92	
Spending Reserves	1,124,856.13	
Reserve for Found Money	900.00	
Prior Year Refunds	2,817.83	
Interfunds:		
Other Trust Funds	1,198,955.24	
Payroll	68,940.53	
General Capital Fund	200,000.00	
Grant Fund	250,829.12	
		<u>110,727,658.90</u>
Balance December 31, 2013		\$ <u><u>6,435,422.09</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year <u>2011 &</u>	Balance <u>Dec. 31, 2012</u>	2013 Levy	Added <u>Amounts</u>	<u>Collections</u>		Due from <u>State</u>	Transferred <u>to Tax</u> <u>Title Liens</u>	<u>Cancelled</u>	Balance <u>Dec. 31, 2013</u>
				<u>2012</u>	<u>2013</u>				
Prior	\$ 55,574.63	\$	\$	\$ 21,064.54	\$ 16,427.10	\$ 250.00	\$	\$ 2,179.22	\$ 15,653.77
2012	3,211,525.77	190,705.43	69,131.61	155,034.60	3,140,517.41		42,159.52	24,482.89	109,168.39
	3,267,100.40	190,705.43	69,131.61	176,099.14	3,156,944.51	250.00	42,159.52	26,662.11	124,822.16
2013		97,466,280.55		827,920.42	91,613,437.75	1,947,500.00	150,888.23	293,567.43	2,632,966.72
	<u>\$ 3,267,100.40</u>	<u>\$ 97,656,985.98</u>	<u>\$ 69,131.61</u>	<u>\$ 1,004,019.56</u>	<u>\$ 94,770,382.26</u>	<u>\$ 1,947,750.00</u>	<u>\$ 193,047.75</u>	<u>\$ 320,229.54</u>	<u>\$ 2,757,788.88</u>

Analysis of 2013 Property Tax Yield and Tax Levy

Tax Yield:

General Purpose Tax

Added and Omitted Taxes

\$ #####
444,351.40

\$ 97,656,985.98

Tax Levy:

Local District School Tax (Abstract)

Regional School Tax (Abstract)

County Taxes:

County Tax (Abstract)

County Library Tax (Abstract)

County Health Tax (Abstract)

County Open Space Tax (Abstract)

Due County for Added and Omitted Taxes

Total County Taxes

Local Open Space Tax

Local Tax for Municipal Purposes

Add: Additional Tax Levied

\$ #####
#####

\$ 17,205,560.90
1,974,514.41
714,511.78
634,480.68
93,986.18

#####

512,089.92
28,397,666.45
365,974.66

#####

\$ 97,656,985.98

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2012		\$ 461,551.05
Increased by:		
Transfers from Taxes Receivable	\$ 193,047.75	
Interest and Costs Accrued at Tax Sale	<u>127,129.84</u>	
		<u>320,177.59</u>
		781,728.64
Decreased by:		
Receipts		<u>189,206.48</u>
Balance December 31, 2013		\$ <u><u>592,522.16</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 1 of 2

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Accrued</u> <u>in 2013</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Licenses:				
Alcoholic Beverages	\$	\$ 46,126.00	\$ 46,126.00	\$
Other		4,775.00	4,775.00	
Fees and Permits		278,638.70	278,638.70	
Fines and Costs:				
Municipal Court	12,008.84	227,236.38	222,397.07	16,848.15
Interest on Investments and Deposits		548,557.90	548,557.90	
Interest and Costs on Taxes		16,064.84	16,064.84	
Beach Admission Fees		83,626.00	83,626.00	
Municipal Golf Course		645,606.98	645,606.98	
Berkeley Township Board of Education - Trash		16,401.00	16,401.00	
Water and Cable Franchise Fees		202,260.75	202,260.75	
Hotel and Motel Occupancy Tax		13,218.06	13,218.06	
Central Regional Board of Education - Trash		7,500.00	7,500.00	
State Aid:				
Energy Receipts Tax		4,213,875.00	4,213,875.00	
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services		16,126.47	16,126.47	
Berkeley Board of Education Fuel Facilities		107,486.64	107,486.64	
Central Regional Board of Education Fuel Facilities		237,134.49	237,134.49	
Fire Protection		27,000.00	27,000.00	
Other Special Items:				
Health Care Coverage - Employee Percentage		227,790.81	227,790.81	
Ocean County Recycling Revenue Sharing Program		31,941.70	31,941.70	
CDL Loan Program		5,000,000.00	5,000,000.00	
FEMA Reimbursement - Hurricane Sandy Event		941,671.52	941,671.52	
Reserve for Debt Service General Capital		2,400.01	2,400.01	
Refuge Revenue Sharing Act		808.00	808.00	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Exhibit A-7
Sheet 2 of 2

	<u>Balance Dec. 31, 2012</u>	<u>Accrued in 2013</u>	<u>Collections</u>	<u>Balance Dec. 31, 2013</u>
Other Special Items (Continued):				
Senior/Veteran Administration Fee	\$	\$ 36,400.00	\$ 36,400.00	\$
Surplus from the Berkeley Township Municipal Utility Authority		88,100.00	88,100.00	
Surplus from the Berkeley Township Sewer Authority		410,000.00	410,000.00	
Uniform Fire Safety Act		28,201.88	28,201.88	
	<u>\$ 12,008.84</u>	<u>\$ 13,458,948.13</u>	<u>\$ 13,454,108.82</u>	<u>\$ 16,848.15</u>
	<u>A</u>			<u>A</u>
Receipts			\$ 13,448,153.81	
Interfunds			<u>5,955.01</u>	
			<u>\$ 13,454,108.82</u>	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-55

Date Authorized	Improvement Description	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2012	2013 Authorization	2013 Budget Appropriation	Balance Dec. 31, 2013
11/14/2011	Contractually Required Severance	\$ 435,149.52	\$ 87,029.90	\$ 348,119.62	\$	\$ 89,029.91	\$ 259,089.71
12/11/2012	Contractually Required Severance	256,695.52	51,339.10	256,695.52		51,339.10	205,356.42
12/31/2012	Superstorm Sandy	6,000,000.00	1,200,000.00	6,000,000.00		1,200,000.00	4,800,000.00
12/30/2013	Contractually Required Severance	446,948.55	89,389.71		446,948.55		446,948.55
				<u>\$ 6,604,815.14</u>	<u>\$ 446,948.55</u>	<u>\$ 1,340,369.01</u>	<u>\$ 5,711,394.68</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
General Administration					
Other Expenses	\$ 1,276.05	\$ 2,087.85	\$ 3,363.90	\$ 2,800.70	\$ 563.20
Human Resources					
Other Expenses		259.40	259.40		259.40
Office of the Mayor					
Other Expenses		54.40	54.40		54.40
Municipal Clerk					
Other Expenses	2,307.04	1,477.76	10,584.80	8,537.24	2,047.56
Financial Administration					
Other Expenses	98.20	2,098.01	2,196.21	2,074.62	121.59
Revenue Administration (Tax Collection)					
Other Expenses	1,494.54	4,903.81	6,398.35	3,323.94	3,074.41
Tax Assessment Administration					
Other Expenses		287.13	287.13	287.13	
Legal Services					
Other Expenses	35,006.66		35,006.66	30,006.66	5,000.00
Municipal Court:					
Other Expenses		667.30	667.30	662.31	4.99
Public Defender (P.L. 1997, c256)					
Other Expenses	10,439.76		10,439.76	2,210.00	8,229.76
Engineering Services					
Other Expenses	20,869.00		20,869.00	20,869.00	
<u>Land Use Administration</u>					
Planning Board / Director of Planning					
Other Expenses	30,511.41	37,052.21	67,563.62	67,531.96	31.66
Planning Board					
Other Expenses	1,280.00		1,280.00	1,280.00	
Division of Zoning					
Other Expenses		167.35	167.35	167.35	
Zoning Board of Adjustment					
Other Expenses		3,805.00	3,805.00	3,805.00	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	\$ 24,160.92	\$	\$ 17,360.92	\$ 17,360.92	\$
<u>Insurances</u>					
Workers Compensation					
<u>Public Safety Functions</u>					
Police Department	57,523.74	146,134.25	203,657.99	164,203.69	39,454.30
Other Expenses					
Emergency Management	2,445.59		2,445.59		2,445.59
Salaries and Wages	3,000.00	809.26	3,809.26	602.91	3,206.35
Other Expenses					
Aid to Volunteer Fire Companies	1,905.79	24,619.37	26,525.16	24,652.28	1,872.88
Other Expenses					
First Aid Contribution	2,693.66	38,000.00	40,693.66	40,693.66	
Other Expenses					
Fire Department	1,772.63		1,772.63		1,772.63
Salaries and Wages	1,129.94	2,365.30	3,495.24	2,878.25	616.99
Other Expenses					
<u>Public Works Functions</u>					
Streets and Roads Maintenance:					
Salaries and Wages	7.09		7.09		7.09
Other Expenses	10,545.73	145,289.00	155,834.73	144,877.34	10,957.39
Other Public Works Functions/ Signs, Maintenance					
Salaries and Wages	13,531.25		13,531.25		13,531.25
Other Expenses	428.71	3,979.29	4,408.00	3,691.39	716.61
Sanitation/Solid Waste Collection:					
Salaries and Wages	41,990.27		41,990.27		41,990.27
Other Expenses	11,867.35	12,917.87	24,785.22	12,541.34	12,243.88
Solid Waste Collection/Recycling					
Other Expenses	4,415.77	3,228.06	7,643.83	1,138.06	6,505.77
Buildings and Grounds:					
Salaries and Wages	8,757.53		8,757.53		8,757.53
Other Expenses	2,793.29	2,866.83	5,660.12	5,341.14	318.98
Equipment Maintenance					
Other Expenses	4,305.70	4,736.20	9,041.90	5,197.70	3,844.20

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>Animal Control Services</u>					
Other Expenses	\$	\$	\$	\$	\$
<u>Parks and Recreation</u>					
Recreation Services and Programs					
Salaries and Wages	17.57		17.57		17.57
Other Expenses	2,074.26	7,057.10	9,131.36	5,712.31	3,419.05
Recreation Services and Programs/Golf Course					
Salaries and Wages	3,143.57		3,143.57		3,143.57
Other Expenses	8,226.24	9,896.61	18,122.85	6,357.95	11,764.90
Maintenance of Parks					
Salaries and Wages	23,435.58		23,435.58		23,435.58
Other Expenses	8,795.29	14,182.29	22,977.58	13,979.94	8,997.64
<u>Utilities and Bulk Purchases</u>					
Utilities					
Other Expenses	81,265.67	31,254.36	112,520.03	112,458.25	61.78
Gasoline					
Other Expenses	53,025.07	32,247.16	85,272.23	31,915.45	53,356.78
<u>Landfill/Solid Waste</u>					
Landfill/Solid Waste Disposal Costs					
Other Expenses/Tipping	54,330.77		54,330.77		54,330.77
<u>Code Enforcement and Administration</u>					
Other Code Enforcement Functions:					
Other Expenses		315.00	315.00	315.00	
Total Operations within Caps	530,871.64	534,635.70	1,065,507.34	739,176.02	326,331.32
Contingent	1,900.00		1,900.00		1,900.00
Total Operations within Caps including Contingent	532,771.64	534,635.70	1,067,407.34	739,176.02	328,231.32
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Social Security System	109,941.90		109,941.90	3,572.83	106,369.07
Total Appropriations within Caps	642,713.54	534,635.70	1,177,349.24	742,748.85	434,600.39

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	<u>Balance Dec. 31, 2012</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))					
Salaries and Wages	\$ 47,096.07	\$	\$ 47,096.07	\$	\$ 47,096.07
Other Expenses	27,436.53	16,688.86	44,125.39	26,854.59	17,270.80
Recycling Enhancement Act (P.L. 2007 c.311)					
Other Expenses	3,998.03	8,933.82	12,931.85	7,958.00	4,973.85
<u>Interlocal Municipal Service Agreements</u>					
Ocean County Health - Animal Control					
Other Expenses	20,157.00		20,157.00	1,036.00	19,121.00
Ocean County Social Services-Relocation Expenses					
Other Expenses	2,500.00		2,500.00		2,500.00
Fire Protection - South Toms River					
Other Expenses	57.57	4,682.43	4,740.00	4,702.43	37.57
Total Operations excluded from Caps	<u>101,245.20</u>	<u>30,305.11</u>	<u>131,550.31</u>	<u>40,551.02</u>	<u>90,999.29</u>
Total General Appropriations	\$ <u>743,958.74</u>	\$ <u>564,940.81</u>	\$ <u>1,308,899.55</u>	\$ <u>783,299.87</u>	\$ <u>525,599.68</u>
Disbursed				\$ 781,199.87	
Accounts Payable				<u>2,100.00</u>	
				\$ <u>783,299.87</u>	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2012:	
School Tax Deferred	\$ 13,569,906.01
Increased by:	
Levy for School Year July 1, 2013	
to June 30, 2014	<u>28,241,597.00</u>
	41,811,503.01
Decreased by:	
Disbursements	<u>28,140,501.00</u>
Balance December 31, 2013:	
School Tax Deferred	\$ <u>13,671,002.01</u>
<u>2013 Charge to Operations for Regional School Tax</u>	
Balance December 31, 2012 - School Tax Deferred	\$ 13,569,906.01
Add: 2013-2014 School Tax Levy	28,241,597.00
Less: Ending Balance December 31, 2013 - School Tax Deferred	<u>(13,671,002.01)</u>
Amount Charged to 2013 Operations	\$ <u>28,140,501.00</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF REGIONAL SCHOOL TAX

Balance December 31, 2012:	
School Tax Deferred	\$ 9,156,429.26
Increased by:	
Levy for School Year July 1, 2013	
to June 30, 2014	<u>19,516,604.00</u>
	28,673,033.26
Decreased by:	
Disbursements	<u>19,624,436.99</u>
Balance December 31, 2013:	
School Tax Deferred	\$ <u>9,048,596.27</u>
<u>2013 Charge to Operations for Regional School Tax</u>	
Balance December 31, 2012 - School Tax Deferred	\$ 9,156,429.26
Add: 2013-2014 School Tax Levy	19,516,604.00
Less: Ending Balance December 31, 2013 - School Tax Deferred	<u>(9,048,596.27)</u>
Amount Charged to 2013 Operations	\$ <u>19,624,436.99</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2012		\$	4,611.67
2013 Tax Levy:			
County Tax (Abstract)	\$	17,205,560.90	
County Library Tax (Abstract)		1,974,514.41	
County Health Tax (Abstract)		714,511.78	
County Open Space Tax (Abstract)		634,480.68	
Due County for Added and Omitted Taxes		<u>93,986.18</u>	
			<u>20,623,053.95</u>
			<u>20,627,665.62</u>
Decreased by:			
Disbursements			<u>20,533,679.44</u>
Balance December 31, 2013		\$	<u><u>93,986.18</u></u>

SCHEDULE OF MUNICIPAL OPEN SPACE TAX

Exhibit A-13

Increased by:			
Levy Calendar Year 2013	\$	512,089.92	
Decreased by:			
Disbursements	\$	<u><u>512,089.92</u></u>	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF SPENDING RESERVES

<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorization</u>	<u>Expended</u>	<u>Balance Dec. 31, 2013</u>
Contractually Required Severance Revaluation	\$ 53,754.35	\$ 446,948.55	\$ 185,178.68	\$ 261,769.87
Contractually Required Severance	71,782.09		71,782.09	53,754.35
Storm Damage - Superstorm Sandy	3,343,385.67		867,895.36	2,475,490.31
	<u>\$ 3,468,922.11</u>	<u>\$ 446,948.55</u>	<u>\$ 1,124,856.13</u>	<u>\$ 2,791,014.53</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Other Trust Fund	General Capital Fund	Animal Control Trust Fund	Payroll Fund
Balance December 31, 2012 - (Due From) /Due To	\$ 198,396.00	\$ (1,604.00)	\$ 200,000.00	\$	\$
Increased by:					
Receipts	1,335,123.38	1,310,614.88	24,508.50		
Total Increases and Balances	<u>1,533,519.38</u>	<u>1,309,010.88</u>	<u>224,508.50</u>		
Decreased by:					
Disbursed	1,467,895.77	1,198,955.24	200,000.00		68,940.53
Anticipated as Current Fund Revenue	5,955.01	3,555.00	2,400.01		
Statutory Excess	11,648.59			11,648.59	
Total Increases	<u>1,485,499.37</u>	<u>1,202,510.24</u>	<u>202,400.01</u>	<u>11,648.59</u>	<u>68,940.53</u>
Balance December 31, 2013 - (Due From) /Due To	\$ 48,020.01	\$ 106,500.64	\$ 22,108.49	\$ (11,648.59)	\$ (68,940.53)

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2012 - Due From		\$ 215,183.63
Increased by:		
Appropriated Reserve Expenditures:		
Disbursements	\$ 250,829.12	
Appropriated Reserves Cancelled	112,718.90	
2013 Revenue Anticipated	<u>238,649.00</u>	
		<u>602,197.02</u>
		817,380.65
Decreased by:		
Deposited in Current Fund:		
Grants Receivable	274,108.04	
Unappropriated Reserves	8,605.72	
Grants Receivable Cancelled	112,010.85	
2013 Budget Appropriations	<u>246,149.00</u>	
		<u>640,873.61</u>
Balance December 31, 2013 - Due From		<u><u>\$ 176,507.04</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-17

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

GRANT FUND

Grant	Balance Dec. 31, 2012 \$	2013 Budget Revenue \$	Realized \$	Canceled \$	Balance Dec. 31, 2013 \$
Bayville First Aid Squad - Replace Emergency Generator	571.00			571.00	
Berkeley Township OEM EOC Renovation	105,000.00			105,000.00	
BERT - Emergency Worker Decon Center	232.82			232.82	
Clean Communities Program		114,503.00	114,503.00		
COP'S Grant		1,266.48		1,266.48	
County of Ocean - Hazmat Response	1,374.33			1,374.33	
Division of Highway Safety-Click It or Ticket		4,000.00	3,600.00	400.00	
Drive Sober or Get Pulled Over Statewide Lab - 2013		4,400.00	4,400.00		
Green Communities	1,338.11			1,338.11	
Green Communities Grant - 2013	3,000.00				3,000.00
Homeland Security Grant - FY 2007	12,533.99				12,533.99
Homeland Security Grant - FY 2009	2,364.59				2,364.59
Homeland Security Grant - FY 2009	32,700.00		32,700.00		
Homeland Security Grant - FY 2009 Additional	5,432.64		4,119.06		1,313.58
Homeland Security Grant - FY 2011	23,287.00				23,287.00
Homeland Security Grant - FY 2012		25,000.00			25,000.00
Municipal Alcohol Education Rehabilitation Program - 2009	20.81			20.81	
Municipal Alliance on Alcoholism and Drug Abuse - 2010	4.07			4.07	
Municipal Alliance on Alcoholism and Drug Abuse - 2011	9.50			9.50	
Municipal Alliance on Alcoholism and Drug Abuse - 2012	18,651.00		18,149.48	501.52	.00
Municipal Alliance on Alcoholism and Drug Abuse - 2013		30,000.00			30,000.00
NJ 966 Reimbursement Program - FY 2014		32,206.52			32,206.52
NJ DCA - Smart Future Grant	30,000.00				
NJ Department of Law and Public Safety - 966 Grant	1,913.73				1,541.13
NJ Department of Law and Public Safety - 966 Grant - FY 2010	10,885.11			372.60	10,885.11
NJ Department of Law and Public Safety - 966 Grant - FY 2011	7,040.00				7,040.00
NJ Department of Law and Public Safety - 966 Grant - FY 2012	845.50				845.50
NJ Economic Development Authority Public Entity Grant	186,663.00				186,663.00
NJ Office of Emergency Management		17,203.00	16,566.50		636.50
NJLM Sustainable Jersey Grant - 2011		5,000.00	5,000.00		
Ocean County Tourism Grant	1,000.00		920.00		1,000.00
Planning Assistance Grant	40,000.00		40,000.00		
State Homeland Security	919.61			919.61	
State of NJ Division of Highway Safety		4,150.00	4,150.00		
	<u>\$ 485,786.81</u>	<u>\$ 238,649.00</u>	<u>\$ 274,108.04</u>	<u>\$ 112,010.85</u>	<u>\$ 338,316.92</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-18

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

GRANT FUND

Grant	Balance Dec. 31, 2012 \$ 105,000.00	Transfer from 2013 Budget Appropriation \$	Reserve for Encumbrances \$	Expended \$	Cancelled \$ 105,000.00	Balance Dec. 31, 2013
Berkeley Township OEM EOC Renovation						
Body Armor Fund - 2008	1,071.74			1,071.74		6,123.69
Body Armor Grant - 2011	6,123.69					6,366.90
Body Armor Grant - 2012	6,366.90					
Body Armor Replacement Program	93.01				93.01	
Body Armor Replacement Program - 2008	983.82			983.82		
Body Armor Replacement Program - 2009	2,282.51			2,282.51		
Body Armor Replacement Program - 2010	6,098.14					6,098.14
Bullet Proof Vest Grant - 2005	400.11				400.11	
Clean Communities Program	125.86		2,468.82	2,468.82	125.86	
Clean Communities Program Grant - 2009	57.11				57.11	
Clean Communities Program Grant - 2009	.25				.25	
Clean Communities Program-2013		114,503.00		100,397.47		14,105.53
Click It or Ticket	400.00	4,000.00		3,600.00	400.00	400.00
COP's Grant		1,266.48			1,266.48	
County of Ocean - Hazmat Response	1,374.33				1,374.33	
Department of Justice - Bullet Proof Vest Grant - 2008	3,260.64			1,891.93		1,368.71
Department of Justice - Bullet Proof Vest Grant - 2008	5,643.74			1,655.00		3,988.74
Drive Sober or Get Pulled Over Statewide Lab - 2013				4,400.00		
Drunk Driving Enforcement Grant - 2004	2,210.33	4,400.00		2,210.33		
Drunk Driving Enforcement Grant - 2005	212.90			212.90		
EMAA Allocation - FY 2010	5,000.00					5,000.00
EMAA Allocation - FY 2011	5,000.00					5,000.00
Emergency Management Assistance - FY 2008	5,000.00					5,000.00
Emergency Management Assistance - FY 2009	5,000.00					5,000.00
Green Communities Grant - 2013	3,000.00					3,000.00
Homeland Security Grant - 2004	287.56				287.56	
Homeland Security Grant - FY 2007	306.53				306.53	
Homeland Security Grant - FY 2007	7,809.10					7,809.10
Homeland Security Grant - FY 2009	2,364.59					2,364.59
Homeland Security Grant - FY 2010	1,313.58					1,313.58
Homeland Security Grant - FY 2011	23,287.00			22,322.38		964.62
Homeland Security Grant - FY 2012		25,000.00		24,996.66		3.34
Municipal Alliance - 2009	56.00				56.00	
Municipal Alliance - 2010	3.76				3.76	
Municipal Alliance - 2011	5.19		112.81		5.19	
Municipal Alliance - 2012	15.21			112.81	15.21	

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-18

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

GRANT FUND

Grant	Balance Dec. 31, 2012 \$	Transfer from 2013 Budget Appropriation \$	Reserve for Encumbrances \$	Expended \$	Cancelled \$	Balance Dec. 31, 2013 \$
Municipal Alliance - 2013		\$ 30,000.00		\$ 28,548.38		\$ 1,451.62
Municipal Alliance - Local Share	1,139.25	7,500.00		7,500.00	1,139.25	
Municipal Alliance - Local Share	30.67				30.67	
Municipal Alliance - Local Share						
NJ 966 Grant - FY 2008	7.96		500.00	500.00		7,040.00
NJ 966 Grant - FY 2010	7,040.00		1,039.93	1,039.93	7.96	737.50
NJ 966 Grant - FY 2011	737.50					32,206.52
NJ 966 Reimbursement Program - FY 2012		32,206.52				14,045.28
NJ 966 Reimbursement Program - FY 2014						636.90
NJ Department of Law and Public Safety - 966 Grant	249.63				249.63	
NJ Drunk Driving Enforcement	13,848.47		155.00	(41.81)		7,040.00
NJ Office of Emergency Management		17,203.00		16,566.10		737.50
NJ Office of Emergency Management			571.00	571.00		32,206.52
NJEDA - Public Entity Grant			77.81	10,388.19		14,045.28
Ocean County Tourism Grant	11,743.50	920.00		1,920.00		1,433.12
Phase Two Bayville Volunteer Company	1,000.00				297.74	
Planning Assistance Grant	297.74					
Recycling Tonnage Grant	4,076.66			4,076.66	103.29	
Recycling Tonnage Grant - 2006	306.87			203.58	62.64	
Recycling Tonnage Grant - 2008	62.64				27.11	
Recycling Tonnage Grant - 2008	333.83			306.72	59.17	
Recycling Tonnage Grant - 2009	267.09			207.92	52.81	
Recycling Tonnage Grant - 2009	52.81					869.92
Recycling Tonnage Grant - 2010	20,632.36			19,762.44		
State Homeland Security Grant Phase 2-015	831.26				831.26	
State of NJ Department of Health and Senior Services - Hepatitis B	1,400.00			960.00		440.00
State of NJ Division of Highway Safety		4,150.00		4,150.00		
Sustainable Jersey Small Grants 2011		5,000.00		5,000.00		
Tourism Grant	1,000.00					1,000.00
U. S. Department of Energy	465.97				465.97	
	\$ 265,677.81	\$ 246,149.00	\$ 4,925.37	\$ 270,265.48	\$ 112,718.90	\$ 133,767.80
Paid by Current Fund				\$ 250,829.12		
Reserve for Encumbrances				19,436.36		
				\$ 270,265.48		

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-19

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Received</u>	<u>Balance</u>
Body Armor Fund	\$ <u>8,605.72</u>	\$ <u>8,605.72</u>

TRUST FUND

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TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2012	\$ 60,608.74	\$ 5,897,578.10
Increased by Receipts:		
Animal Control License Fees	\$ 36,202.40	
Miscellaneous Reserves		\$ 7,075,761.23
Construction Code Deficit Raised		
Reserve For Open Space		513,051.64
Due to State of New Jersey	5,637.60	37,591.00
Interfund - Current Fund		<u>201,746.24</u>
	<u>41,840.00</u>	<u>7,828,150.11</u>
	102,448.74	13,725,728.21
Decreased by Disbursements:		
Expenditures Under R.S. 4:19-15.11	12,136.15	
Miscellaneous Reserves		5,107,617.76
Reserve for Open Space		466,020.52
Due to State of New Jersey	5,610.00	21,847.00
Current Fund		
Interfund - Current Fund		<u>309,850.88</u>
	<u>17,746.15</u>	<u>5,905,336.16</u>
Balance December 31, 2013	\$ <u>84,702.59</u>	\$ <u>7,820,392.05</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Balance December 31, 2012		\$ 60,600.94
Increased by:		
Animal Control License Fees Collected		<u>36,202.40</u>
		96,803.34
Decreased by:		
Interfund - Current Fund:		
Statutory Excess Due to Current Fund	\$ 11,648.59	
Expenditures Under R.S. 4:19-15.11	<u>12,136.15</u>	
		<u>23,784.74</u>
Balance December 31, 2013		<u><u>\$ 73,018.60</u></u>

License and Penalty Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ <u>36,202.40</u>
2012	<u>36,816.20</u>
	<u><u>\$ 73,018.60</u></u>

ANIMAL CONTROL TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

Exhibit B-3

Balance December 31, 2012	\$ 7.80
Increased by:	
2013 Animal License Fees	<u>5,637.60</u>
	5,645.40
Decreased by:	
Fees Paid to State	<u>5,610.00</u>
Balance December 31, 2013	<u><u>\$ 35.40</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2012 - Due To	\$ 1,604.00
Increased by:	
Receipts	<u>201,746.24</u>
	203,350.24
Decreased by:	
Disbursements	<u>309,850.88</u>
Balance December 31, 2013 - (Due From)	\$ <u><u>(106,500.64)</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF MISCELLANEOUS RESERVES

Balance December 31, 2012	Ref. B		\$ 5,165,032.52
Increased by:			
Receipts	B-2	\$ 7,075,761.23	
Transfer Deficit in Reserve for Construction	B	46,695.38	
Due From Regional School District	B	20,000.00	
	B		7,142,456.61
			<u>12,307,489.13</u>
Decreased by:			
Disbursements			5,107,617.76
			<u>5,107,617.76</u>
Balance December 31, 2013	B		<u><u>\$ 7,199,871.37</u></u>

Analysis of Balance

Reserve for:

Law Enforcement	\$ 38,166.77
Allied Risk Management (PMA)	20,480.68
Sanitary Landfill	12,940.65
Unemployment Compensation	29,506.21
Tree Inspection Fees	3,536.03
Tax Map Maintenance	1,707.80
Developer Application Review	59,966.45
Recreation Fees Trust	43,926.17
Founders Day (Special Events Activities)	13,302.34
Drainage Improvements	157,315.37
Affordable Housing	920,640.67
Uniform Fire Safety Act - Penalty Monies	59,873.24
Fire Prevention Donations	6,495.12
Street Opening	4,633.00
DARE	16,898.10
Developers Road Impact	80,680.25
Public Defender	2,231.67
Tax Sale Premium	2,939,915.00
POAA	371.86
Third Party Liens	404,173.69
Foreclosures	11,112.88
Developers Escrow	1,850,880.87
Outside Employment - Off Duty Police	9,866.87
Inspection Fees - Grading	22,268.94
Planning/Zoning Board Escrow	114,445.50
Recreation - Developer Contributions	39,500.00
Reserve for ABC	63.00
Tree Planting	1,017.02
Municipal Alliance Donations	6,218.14
Disposal of Forfeited Property	9,288.51
Inspection Holly Park	3,141.84
Reserve for Berkeley Estates	315,306.73
	<u><u>\$ 7,199,871.37</u></u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF RESERVE FOR OPEN SPACE

Balance December 31, 2012		\$ 721,106.58
Increased by:		
2013 Tax Levy - Open Space	\$ 512,089.92	
Deposits	585.00	
Interest on Deposits	<u>376.72</u>	
		513,051.64
		<u>1,234,158.22</u>
Decreased by:		
Disbursements	<u>466,020.52</u>	
		<u>466,020.52</u>
Balance December 31, 2013		\$ <u><u>768,137.70</u></u>

SCHEDULE OF RESERVE FOR LENGTH OF SERVICE

AWARDS PROGRAM (LOSAP) - UNAUDITED

Exhibit B-7

Balance December 31, 2012		\$ 1,421,568.26
Increased by:		
Gains	\$ 225,401.70	
Contributions	196,039.00	
Interest Earned	9,568.38	
Adjustments	<u>19.76</u>	
		431,028.84
		<u>1,852,597.10</u>
Decreased by:		
Distributions		<u>160,856.48</u>
Balance December 31, 2013		\$ <u><u>1,691,740.62</u></u>

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GENERAL CAPITAL FUND

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TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

SCHEDULE OF CASH - TREASURER

Balance December 31, 2012		\$ 4,537,535.45
Increased by:		
Budget Appropriation:		
Capital Improvement Fund	\$ 320,000.00	
Grants Receivable	281,440.00	
Interfund-Current Fund	<u>200,000.00</u>	
		801,440.00
		<u>5,338,975.45</u>
Decreased by Disbursements:		
Improvement Authorizations		<u>4,547,832.34</u>
Balance December 31, 2013		\$ <u><u>791,143.11</u></u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

ANALYSIS OF CAPITAL CASH

	Disbursements				
	Receipts		Transfers		Balance Dec. 31, 2013
	Balance Dec. 31, 2012	Budget	Improvement Authorizations	From	
	\$	\$	\$	\$	\$
Capital Improvement Fund	3,917.97	320,000.00		303,090.00	20,827.97
Grants Receivable	(1,188,500.42)			250,000.00	(1,132,551.92)
EIT Loan Proceeds Receivable	(178,136.00)		281,440.00		178,136.00
Ordinance 09-11 - Proceeds from Bond Sale Overfunding	1,004,829.00			143,925.00	860,904.00
Interfund - Current Fund	(200,000.00)		200,000.00	24,508.50	(22,108.49)
Reserve for Encumbrances	2,625,609.02			2,625,609.02	2,405,044.87
Reserve for Debt Service	2,400.01			2,400.01	
Ordinance Number	Improvement Description				
01-03	Various Capital Improvements			9,814.45	9,814.45
06-31	Various Capital Improvements	188,232.34		193.87	55,196.04
07-13	Various Capital Improvements			11,438.00	11,438.00
07-26	Removal, Closure, Disposal and Replacement of Tanks and Site Remediation			77.96	77.96
08-10	Various Capital Improvements	18,262.46		56,341.90	8,680.40
09-11, 09-26	Various Capital Improvements	253,746.01		375,333.24	633,645.37
10-31	Various Capital Improvements	(26,530.06)		57,813.09	64,038.68
11-18	Various Capital Improvements	234,790.00		151,208.63	376,636.73
12-14	Various Capital Improvements	1,798,915.12		733,681.75	1,610,006.39
13-26	Various Capital Improvements			1,187,277.98	553,090.00
		\$ 4,537,535.45	\$ 481,440.00	\$ 4,547,832.34	\$ 5,932,713.40
					\$ 791,143.11

Ref.

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2012		\$ 32,451,698.89
Decreased by:		
Principal Reductions:		
Serial Bonds	\$ 3,075,000.00	
NJEIT Loans	178,538.89	
Green Trust Loans	78,525.65	
Transfer to Deferred Charges To Future Taxation -		
Unfunded:		
NJEIT Loans Deobligated	<u>34,211.00</u>	
		<u>3,366,275.54</u>
Balance December 31, 2013		\$ <u><u>29,085,423.35</u></u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Deobligated EIT Loans	Balance Dec. 31, 2013	Analysis of Balance	
						Expended Balance	Unexpended Balance
08-10	Various Capital Improvements	\$	\$	\$ 34,211.00	\$	\$ 29,399.04	\$ 4,811.96
10-31	Various Capital Improvements	50,000.00			50,000.00	47,263.40	2,736.60
12-14	Various Capital Improvements	1,415,020.00			1,415,020.00	282,115.60	1,132,904.40
13-26	Various Capital Improvements		5,758,693.00		5,758,693.00	1,382,026.70	4,376,666.30
		<u>\$ 1,465,020.00</u>	<u>\$ 5,758,693.00</u>	<u>\$ 34,211.00</u>	<u>\$ 7,257,924.00</u>	<u>\$ 1,740,804.74</u>	<u>\$ 5,517,119.26</u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2012	\$ 3,917.97
Increased by:	
Budget Appropriation	<u>320,000.00</u>
	323,917.97
Decreased by:	
Appropriations to Finance Improvement	
Authorizations	<u>303,090.00</u>
Balance December 31, 2013	<u><u>\$ 20,827.97</u></u>

SCHEDULE RESERVE FOR DEBT SERVICE

Exhibit C-6

Balance December 31, 2012	\$ 2,400.01
Decreased by:	
Utilized as Current Fund Anticipated Revenue	<u><u>\$ 2,400.01</u></u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2012		2013 Authorizations	Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2013	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
01-03	Various Capital Improvements	3/13/2001	\$ 1,744,800.00	\$		\$	\$ 9,814.45	\$ 9,814.45	\$	
06-31	Various Capital Improvements	5/23/2006	5,849,102.00	188,232.34			55,196.04	57,345.60	186,082.78	
07-13	Various Capital Improvements	4/10/2007	5,500,773.00				11,438.00	11,438.00		
07-26	Removal, Closure, Disposal and Replacement of Tanks and Site Remediation	10/09/2007	562,557.15				77.96	77.96		
08-10	Various Capital Improvements	4/09/2008	5,162,510.00	18,262.46			8,680.40	22,130.90		4,811.96
09-11, 09-26	Various Capital Improvements	4/28/2009	6,209,795.00	253,746.01			489,720.37	661,466.26	82,000.12	
10-31	Various Capital Improvements	10/12/2010	2,650,000.00		23,469.94		64,038.68	84,772.02		2,736.60
11-18	Various Capital Improvements	7/12/2011	2,941,418.00	234,790.00			376,636.73	479,678.21	131,748.52	
12-14	Various Capital Improvements	07/20/12	5,081,600.00	1,798,915.12	1,415,020.00		1,610,006.39	3,691,037.11		1,132,904.40
13-26	Various Capital Improvements	6/24/2013	6,311,783.00			6,311,783.00		1,935,116.70		4,376,666.30
				\$ 2,493,945.93	\$ 1,438,489.94	\$ 6,311,783.00	\$ 2,625,609.02	\$ 6,952,877.21	\$ 399,831.42	\$ 5,517,119.26
	Deferred Charges - Unfunded					\$ 5,758,693.00				
	Grants Receivable					250,000.00				
	Capital Improvement Fund					303,090.00				
						\$ 6,311,783.00				
	Disbursements							\$ 4,547,832.34		
	Reserve for Encumbrances							2,405,044.87		
								\$ 6,952,877.21		

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

<u>Purpose</u>	<u>Year Issued</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2013</u>
NJ Fund Loan	2007	\$ 975,000.00	0.00%	\$ 753,300.76	\$ 51,594.55	\$ 701,706.21
NJ Trust Loan	2007	345,000.00	3.40% to 5.00%	295,000.00	15,000.00	280,000.00
NJ Fund Loan	2008	390,046.00	0.00%	297,800.89	52,775.93	245,024.96
NJ Trust Loan	2008	390,046.00	5.00% to 5.50%	325,000.00	44,954.00	280,046.00
NJ Trust Loan	2010	250,000.00	3.845% to 4.260%	201,574.59	16,130.59	185,444.00
NJ Fund Loan	2010	755,700.00	0.00%	681,657.65	176,219.82	505,437.83
				\$ 2,554,333.89	\$ 356,674.89	\$ 2,197,659.00

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Outstanding Date</u>	<u>Dec. 31, 2013 Amount</u>				
General Obligation Bonds	5/15/2004	\$ 8,103,000.00	5/15/2014	\$ 930,000.00	4.125%	\$ 2,783,000.00	\$ 880,000.00	\$ 1,903,000.00
			5/15/2015	973,000.00	4.250%			
General Obligation Bonds	7/01/2006	9,384,000.00	7/01/2014-19	720,000.00	4.500%			
			7/01/2020	719,000.00	4.500%	5,759,000.00	720,000.00	5,039,000.00
General Obligation Bonds	1/07/2010	12,745,000.00	1/15/2014-18	950,000.00	3.000%			
			1/15/2019	950,000.00	3.250%			
			1/15/2020	950,000.00	3.500%			
			1/15/2021	950,000.00	3.625%			
			1/15/2022	950,000.00	3.750%			
			1/15/2023	950,000.00	4.000%			
			1/15/2024	995,000.00	4.000%	11,445,000.00	950,000.00	10,495,000.00
General Obligation Bonds	10/11/2012	9,950,000.00	10/15/2014-15	525,000.00	3.000%			
			10/15/2016	1,025,000.00	2.250%			
			10/15/2017-20	1,050,000.00	2.000%			
			10/15/2021	1,050,000.00	2.125%			
			10/15/2022	1,050,000.00	2.250%			
			10/15/2023	1,050,000.00	3.000%			
						<u>9,950,000.00</u>	<u>525,000.00</u>	<u>9,425,000.00</u>
						<u>\$ 29,937,000.00</u>	<u>\$ 3,075,000.00</u>	<u>\$ 26,862,000.00</u>

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>Purpose</u>	<u>Year</u>	<u>Original Issue</u>	<u>Maturities of Loans</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2012</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2013</u>
			<u>Outstanding Dec. 31, 2013</u>	<u>Amount</u>				
Recreation Acquisition	2001	\$ 185,825.17	<u>Date</u>	<u>5/01/2013 to 11/01/2017</u>				
			Level Debt Payments	\$ 7,001.07	2.00%	\$ 66,309.54	\$ 12,739.38	\$ 53,570.16
Veterans' Park Driving Range	2001	409,630.28	4/26/2013 to 4/26/2021					
			Level Debt Payments	16,845.81	2.00%	262,158.78	28,590.70	233,568.08
Toms River Park	2008	500,000.00	3/21/2013 to 3/21/2027					
			Level Debt Payments	15,880.75	2.00%	398,063.41	23,919.22	374,144.19
Toms River Park Phase II	2008	289,202.77	2/19/2013 to 2/19/2028					
			Level Debt Payments	8,991.78	2.00%	238,662.27	13,276.35	225,385.92
						<u>\$ 965,194.00</u>	<u>\$ 78,525.65</u>	<u>\$ 886,668.35</u>

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF GRANTS RECEIVABLE

Ordinance Number	Description	Balance Dec. 31, 2012	Grants Utilized	Received	Balance Dec. 31, 2013
		\$	\$	\$	\$
06-31	NJ DEP Green Acres - Bayview Park	86,625.00			86,625.00
09-29, 09-11	NJ DEP Green Acres - Manitou Park	116,250.00			116,250.00
08-10	NJ DOT - Virginia and Hoover Avenues	39,207.42			39,207.42
09-29, 09-11	NJ DOT - Pleasant Drive				
09-29, 09-11	U.S. Department of Justice - Digital Video	500,000.00		223,448.50	276,551.50
10-31	NJ DOT - Road Improvements				
11-18	NJ DOT - Prince Charles Drive and 22nd Street	55,000.00			55,000.00
11-18	CDBG - Brankebury Drive	50,000.00		50,000.00	
11-18	US Department of Homeland Security - FEMA	41,418.00			41,418.00
12-14	CDBG - Chesterfield Lane	50,000.00		32,500.00	17,500.00
12-14	NJ DOT - Road Improvements	250,000.00			250,000.00
13-26	NJ DOT-Roberts and Sands		250,000.00		250,000.00
		\$	\$	\$	\$
		<u>1,188,500.42</u>	<u>250,000.00</u>	<u>305,948.50</u>	<u>1,132,551.92</u>

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2013
08-10	Various Capital Improvements	\$ 34,211.00
10-31	Various Capital Improvements	50,000.00
12-14	Various Capital Improvements	1,415,020.00
13-26	Various Capital Improvements	5,758,693.00
		<hr/>
		\$ 7,257,924.00

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TOWNSHIP OF BERKELEY
COUNTY OF OCEAN
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2013

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ <u>1.907</u>	\$ <u>1.862</u>	\$ <u>1.813</u>
Apportionment of Tax Rate			
Municipal	.557	.523	.503
Municipal Open Space	.010	.009	.005
County	.392	.379	.374
Local School District	.554	.553	.550
Regional School District	.382	.384	.367
County Open Space	.012	.014	.014
Assessed Valuation			
2013	\$ 5,097,672,879		
2012		\$ 5,120,333,460	
2011			\$ 5,147,145,433

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2013	\$ 97,466,281	\$ 94,388,858	96.84%
2012	95,340,610	91,663,837	96.14%
2011	93,556,484	90,613,969	96.85%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 592,522	\$ 2,757,789	\$ 3,350,311	3.44%
2012	461,551	3,267,100	3,728,651	3.91%
2011	353,029	2,439,454	2,792,483	2.98%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2013	\$ 6,361,398
2012	6,361,398
2011	6,361,398

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2013	\$ 2,373,336	\$ 1,330,000
2012	10,145	-0-
2011	10,145	61,646
2010	1,100,145	1,090,000
2009	318,180	555,000

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued and Outstanding</u>			
General:			
Bonds, Notes and Loans	\$ 29,946,327	\$ 33,456,528	\$ 31,148,924
Less Deductions:			
Open Space Trust (N.J.S.A. 40A:2-44(h))	<u>981,706</u>	<u>1,048,301</u>	<u>1,115,828</u>
Net Debt Issued	<u>30,928,033</u>	<u>32,408,227</u>	<u>30,033,096</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	<u>7,257,924</u>	<u>1,465,020</u>	<u>2,498,500</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>38,185,957</u>	\$ <u>33,873,247</u>	\$ <u>32,531,596</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 0.70%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 14,325,000	\$ 14,325,000	\$ -0-
Regional School District Debt	4,034,666	4,034,666	-0-
General Debt	<u>38,185,957</u>	<u>981,706</u>	<u>37,204,251</u>
	<u>\$ 56,545,623</u>	<u>\$ 19,341,372</u>	<u>\$ 37,204,251</u>

Net Debt \$37,204,251 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$5,317,473,169 = 0.70%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 186,111,561
Net Debt	<u>37,204,251</u>
Remaining Borrowing Power	\$ <u>148,907,310</u>

A Revised Annual Debt Statement should be filed by the Chief Financial Officer.

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SINGLE AUDIT SECTION

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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 Township Council
Township of Berkeley, New Jersey

Report on Compliance for Each Major Federal Program

We have audited Township of Berkeley'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 Township of Berkeley's major federal programs for the year ended December 31, 2013. Township of Berkeley'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 Township of Berkeley'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 Township of Berkeley'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 Township of Berkeley's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Township of Berkeley 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 Township of Berkeley 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 Township of Berkeley'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 Township of Berkeley'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 Township of Berkeley as of and for the year ended December 31, 2013, and have issued our report thereon dated July 22, 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.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR #498

July 22, 2014
Medford, New Jersey

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TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2013

Sheet 1 of 2

<u>Grantor/Program Title</u>	<u>Federal C.F.D.A. Number</u>	<u>Grant Period</u>		<u>Program or Award Amount</u>	<u>Receipts</u>	<u>Expenditures</u>
		<u>From</u>	<u>To</u>			
<u>Department of Transportation</u> Pass-Through: New Jersey Department of Transportation: Highway Planning and Construction: Chesterfield Lane	20.205	2012 FY		\$ 250,000.00	\$	\$ 102,361.05
<u>Federal Emergency Management Agency</u> Pass-Through: New Jersey Department of Law and Public Safety: Public Assistance: Community Disaster Loan Super Storm Sandy Total Federal Emergency Management Agency	97.030 97.036	2013 FY 2012 FY		5,000,000.00 3,713,367.77	5,000,000.00 1,229,647.03 6,229,647.03	5,000,000.00 3,713,367.77 8,713,367.77
<u>Department of Homeland Security</u> Pass-Through: New Jersey Department of Law and Public Safety: Homeland Security Grant Homeland Security Grant Homeland Security Grant Total Department of Homeland Security	97.067 97.067 97.067	2009 FY 2011 FY 2012 FY		125,134.64 23,287.00 25,000.00	36,819.06 36,819.06	21,807.88 24,996.66 46,804.54
<u>Department of Justice</u> Bureau of Justice Assistance: Direct Program: Bulletproof Vest Partnership Program COPS Technology Program	16.607 16.710	2008 FY 2009 FY		8,904.38 500,000.00	223,448.50	2,796.93 420,350.50

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule 1

FOR THE YEAR ENDED DECEMBER 31, 2013

Sheet 2 of 2

Grantor/Program Title	Federal C.F.D.A. Number	Grant Period		Program or Award Amount	Receipts	Expenditures
		From	To			
<u>Department of Justice (Continued):</u>						
Pass-Through:						
New Jersey Department of Law and Public Safety	20.601	2012 FY		\$ 4,400.00	\$ 4,400.00	
Drive Sober or Get Pulled Over	20.602	2012 FY		3,600.00	3,600.00	
Click it or Ticket						
Total Department of Justice				<u>231,448.50</u>	<u>431,147.43</u>	
<u>Department of Housing and Urban Development</u>						
Pass-Through:						
County of Ocean:						
Community Development Block Grant:						
Brankebury Drive	14.218	2011 FY		50,000.00	50,000.00	32,500.00
Chesterfield Lane	14.218	2012 FY		50,000.00	32,500.00	32,500.00
Total Department of Housing and Urban Development				<u>82,500.00</u>	<u>82,500.00</u>	
Total Federal Expenditures				<u>\$ 6,580,414.59</u>	<u>\$ 9,326,180.79</u>	

TOWNSHIP OF BERKELEY COUNTY OF OCEAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes grant activity of the Township of Berkeley and is presented on the regulatory basis of accounting (as described in note 1C. of the financial statements). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

Expenditures, as reported on the accompanying Schedule of Expenditures of Federal Awards, reflects cash disbursements and outstanding encumbrances charged directly to Borough funds as follows:

<u>Fund</u>	<u>Amount</u>
Current Fund	\$ 7,526,588
Current Fund Expended in Previous Year	1,186,780
General Capital Fund	522,712
Grant Fund	<u>90,101</u>
	\$ <u>9,326,181</u>

NOTE 2. CONTINGENCIES

Each of the cognizant agencies reserves the right to conduct additional audits of the Borough's grant programs. Management does not believe such audits would result in material amounts of disallowed costs.

**TOWNSHIP OF BERKELEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Qualified- Regulatory Basis

Internal control over financial reporting:

- | | |
|---|------------|
| 1) Material weakness(es) identified? | None Noted |
| 2) Where significant deficiencies identified that are not considered to be material weaknesses? | None Noted |

Noncompliance material to basic financial Statements noted?	None Noted
---	------------

Federal Awards

Internal Control over major programs:

- | | |
|---|------------|
| 1) Material weakness(es) identified? | None Noted |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | None Noted |

Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
--	-------------------

Any audit findings disclosed that are required to be reported in accordance With 510(A) of Circular A-133	None Noted
---	------------

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grants- Public Assistance
97.030	Community Disaster Loans
16.710	Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	No
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**TOWNSHIP OF BERKELEY
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

No Current Year Findings

Section III – Federal Awards Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133.

No Current Year Findings

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**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

PART III

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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The Honorable Mayor and Members of the
Township Council
Township of Berkeley, New Jersey

We have audited the financial statements – statutory basis of the Township of Berkeley in the County of Ocean for the year ended December 31, 2013.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and Sewer Utility 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 Township Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township 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.

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

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

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 Township 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 \$5,400 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 November 3, 2012 adopted the following resolution authorizing interest to be charged on delinquent taxes:

1. The collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$10,000 and remains in arrears beyond December 31st, and additional penalty of 6% shall be charged against the delinquency, except that the rate of interest to be fixed and charged for the non-payment of third quarterly tax payment due August 1st, 2013 shall not be assessed until after twenty-five (25) days from the date of mailed of said third quarter tax bills.
2. This Resolution shall not alter the past practice of the Township in so far as payment of any installments made within the tenth calendar day following the date upon which the tax of assessment is due and payable, except for the quarterly real estate tax payment due August 1, 2013.

Collection of Interest on Delinquent Taxes and Assessments (continued)

3. Effective January 1, 2013 there will be a ten (10) day grace period of quarterly tax payments made by check, cash or money order.
4. Any payment not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of the resolution.

The governing body on November 13, 2012 passed the following resolution authorizing interest to be charged on delinquent taxes and assessments:

The tax collector is hereby authorized and directed to charge 5% per annum on the first \$1,500 of taxes becoming delinquent after the due date and 10% per annum on amount of taxes in excess of \$1,500 becoming delinquent after the due date.

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

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2013 included real estate taxes for 2013, 2012, and 2011.

The last tax sale was held on November 3, 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:

YEAR	NUMBER OF LIENS
2013	221
2012	255
2011	219

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.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees.

Finding 2013-01:

It was noted during our audit that employees did not contribute the amount required as set forth by the Pension and Health Benefits Reform law, Chapter 78.

Recommendation:

That management ensures all Township employees are contributing the proper amount towards their medical benefits as set forth the Pension and Health Benefits Reform law, Chapter 78.

Management's Response:

Management agrees with this finding and will correct it accordingly.

Finding 2013-02:

It was noted during our audit that an employee was not enrolled into the Public Employees' Retirement System even though that employee has met the requirements to be enrolled.

Recommendation:

That management ensures all eligible Township employees are added timely to their respective pension system.

Management's Response:

Management agrees with this finding and will correct it accordingly.

Finding 2013-03:

It was noted during our audit that employees are being compensated for overtime when using paid time off days during the pay period. It was found that employees were being compensated at an overtime rate on days where they were using paid time off. Additionally, employees were being compensated at an overtime rate on weeks where they didn't meet the weekly hour requirement due to the use of their paid time off.

Recommendation:

That management ensures all Township employees are working the required hours before being compensated with overtime pay.

Management's Response:

Management agrees with this finding and will correct it accordingly.

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 Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of fifteen (15); ten traffic and five 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.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st 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.

Construction Code Office

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body.
- (3) **Construction Code Costs** – A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform Construction Code [*N.J.A.C.5:23.17(c)2*]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.

Construction Code Office (continued)

- (4) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Township Ordinances in effect.

Finding 2013-04:

It was noted during our audit that the Construction Trust Fund ended the year in a deficit.

Recommendation:

That the Township develop a plan to fund the deficit.

Management Response:

Management agrees with this finding and will correct it accordingly.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except with those marked above with an asterisk (*).

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	POSITION	AMOUNT OF BOND	
Carmen F. Amato, Jr.	Mayor	\$250,000	(A)
James J. Byrnes	Council President	\$250,000	(A)
Judy Noonam	Council Vice President	\$250,000	(A)
John Bacchione	Councilman	\$250,000	(A)
L. Thomas Grosse, Jr.	Councilman	\$250,000	(A)
Kevin M. Askew	Councilman	\$250,000	(A)
Robert G. Ray	Councilman	\$250,000	(A)
Frances R. Siddons	Councilman	\$250,000	(A)
Christopher Reid, Esq.	Township Administrator	\$250,000	(A)
Frederick C. Ebenau	Chief Financial Officer	\$250,000	(A)
Beverly M. Carle	Township Clerk	\$250,000	(A)
Geraldine Dorso	Tax Collector	\$ 442,000	
James J. Gluck	Municipal Court Judge	\$ 38,000	(B)
Aileen Alonzo	Municipal Court Administrator	\$ 38,000	(B)

(A) A Public Employee Dishonesty Blanket Bond covering municipal employees in the amount of \$250,000 was in effect with the Garden State Municipal Joint Insurance Fund. This bond is subject to deductibles based upon other required coverages.

(B) Municipal Court Blanket Bond

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, please contact us.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
CR# 498

Medford, New Jersey
July 22, 2013