

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

**YEAR ENDED DECEMBER 31, 2013**

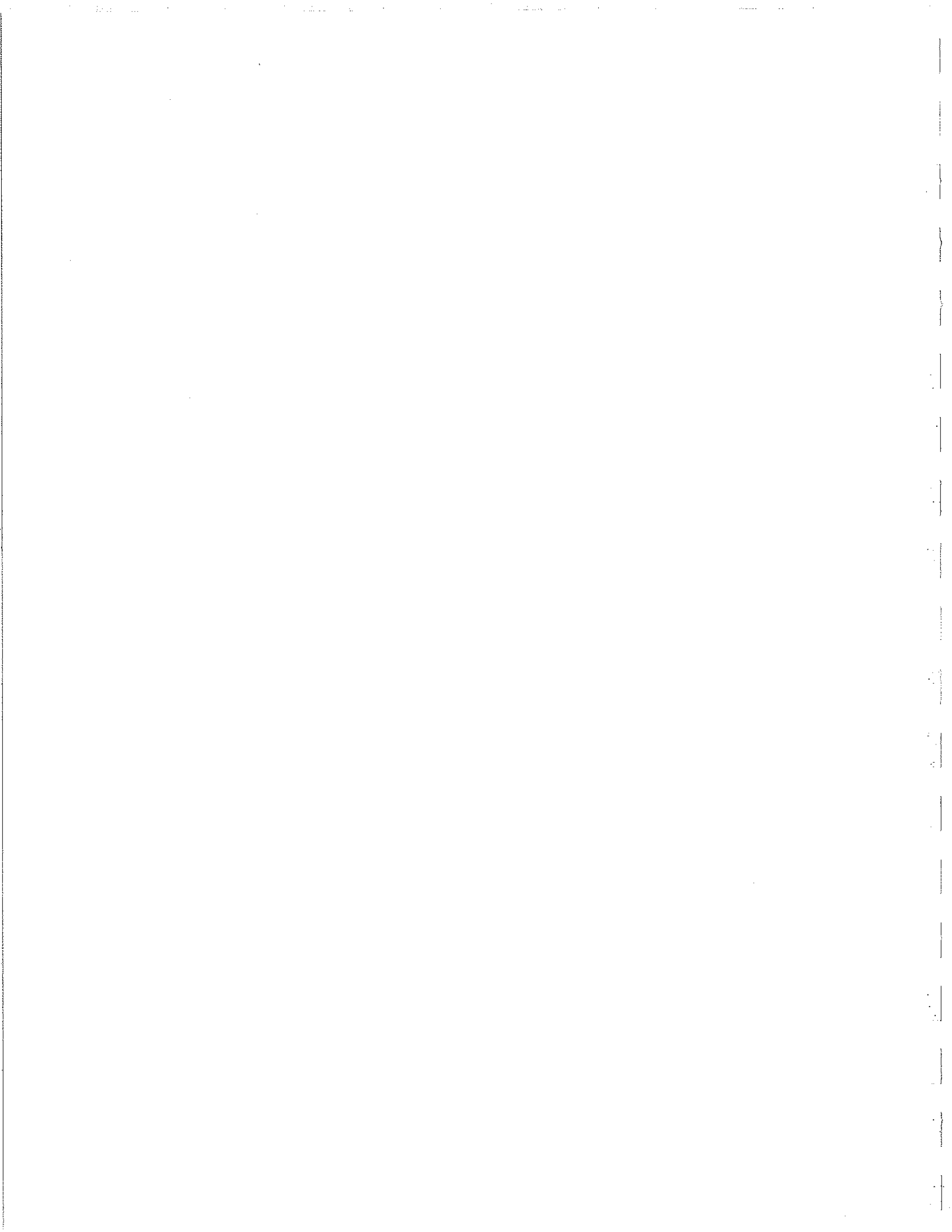
**FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

**with**

**INDEPENDENT AUDITOR'S REPORTS**

**and**

**COMMENTS AND RECOMMENDATIONS**



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

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COUNTY OF MONMOUTH, NEW JERSEY

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Shrewsbury, 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 of the Borough of Shrewsbury, County of Monmouth, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related statements 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; this includes 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1 to the financial statements, the Borough prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices 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 effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Shrewsbury, County of Monmouth, State of New Jersey, as of December 31, 2013, or the results of its operations or its cash flows for the year then ended.

### **Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 27.60% and 21.06% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

### **Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")**

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

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

Furthermore, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, 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 of the Borough of Shrewsbury County of Monmouth, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general fixed assets, 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.

Also in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Borough as of December 31, 2013 and 2012, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of

the various funds for the years ended December 31, 2013 and 2012 on the basis of accounting 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014, on our consideration of the Borough of Shrewsbury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Shrewsbury's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



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

Freehold, New Jersey  
April 29, 2014

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**BASIC FINANCIAL STATEMENTS**

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CURRENT FUND

EXHIBITS

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BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY  
 CURRENT FUND

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

December 31, 2013 and 2012

Assets	Reference	2013	2012	Liabilities, Reserves and Fund Balance	Reference	2013	2012
Cash				Appropriation Reserves	A-3,9-A	\$ 474,181.52	\$ 419,302.37
Cash - Change Fund	1-A	\$ 3,361,893.74	\$ 3,326,834.17	Encumbrances Payable	10-A	109,217.66	88,659.79
	2-A	145.00	145.00	Accounts Payable	28-A	2,684.24	
				Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	358.14	
				Prepaid Taxes	13-A	125,972.26	176,877.30
				County Taxes Payable	14-A	15,246.10	10,850.20
				Regional High School Tax Payable	15-A	218,974.50	88,242.34
				Local District School Tax Payable	16-A	952,468.00	890,105.00
				Due To Sewerage Authority	26-A	5,562.76	6,209.73
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	3-A	-	141.86	Due To State of New Jersey:			
				Marriage License Fees	18-A	75.00	125.00
				State Grant Fund	A	20,904.94	38,453.92
Receivables With Full Reserves:				Reserve for:			
Taxes Receivable	4-A	243,645.90	317,683.90	Debt Service	11-A	23,990.80	133,990.80
Tax Title Liens Receivable	5-A	556.81	548.13	State Tax Appeals Pending	19-A	50,000.00	150,000.00
Revenue Accounts Receivable	6-A	15,243.61	11,073.50	Wardell House	21-A	157,500.00	157,500.00
				Tax Redemptions	20-A	5,994.61	27,791.55
				Fire Apparatus	27-A	100,000.00	50,000.00
				Codification	22-A	4,664.07	5,859.07
						2,267,794.60	2,243,967.07
Deferred Charges:				Reserve for Receivables	A	259,446.32	329,305.53
Special Emergency (40A.4-53)	23-A	73,800.00	98,400.00	Fund Balance	A-1	1,198,044.14	1,181,553.96
Emergency (40A.4-46)	23-A	30,000.00	-			3,725,285.06	3,754,826.56
				State and Federal Grant Fund:			
				Reserve for State and Federal Grants:			
				Appropriated	24-A	33,842.77	19,420.31
				Unappropriated	25-A	23,607.41	22,091.25
						57,450.18	41,511.56
State and Federal Grant Fund:				Total Liabilities, Reserves and Fund Balance		\$ 3,782,735.24	\$ 3,796,338.12
State and Federal Grants Receivable	8-A	36,545.24	3,057.64				
Due From Current Fund	A	20,904.94	38,453.92				
Total Assets		\$ 3,782,735.24	\$ 3,796,338.12				

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2013 and 2012

<u>Revenue and Other Income Realized</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Fund Balance Utilized	A-2	\$ 897,062.97	\$ 1,220,000.00
Miscellaneous Revenue Anticipated	A-2	1,567,765.23	1,192,999.57
Receipts From Delinquent Taxes	A-2	317,683.90	296,632.77
Receipts From Current Taxes	A-2	21,611,159.46	21,002,195.91
Non-Budget Revenue	A-2	65,275.17	87,701.04
Other Credits To Income:			
PY Revenue	1-A	75.92	-
Grant Appropriation Cancelled	24-A	1,804.21	-
Cancel Stale Checks	1-A	610.00	-
Statutory Excess	7-A	1.00	342.67
Unexpended Balances of Appropriation Reserves	9-A	<u>255,668.60</u>	<u>266,274.20</u>
Total Revenues		<u>24,717,106.46</u>	<u>24,066,146.16</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	3,593,615.00	3,584,040.00
Other Expenses	A-3	2,898,807.46	2,915,577.62
Deferred Charges and Statutory Expenditures	A-3	205,000.00	210,000.00
Budget Appropriations Excluded From "CAPS":			
Operations:			
Other Expenses	A-3	808,408.26	786,254.73
Capital Improvements	A-3	150,000.00	75,000.00
Municipal Debt Service	A-3	795,954.64	906,097.80
Deferred Charges - Other	A-3	52,705.71	72,122.39
NSF Checks Cancelled	1-A	214.47	2,451.69
Canceled Grants Receivable	8-A	1,432.64	-
Statutory Excess - Reimbursed	A-1	-	342.67
County Taxes	14-A	3,069,324.20	3,055,440.11
County Share of Added and Omitted Taxes	14-A	15,246.10	10,850.20
Regional High School Tax	15-A	4,638,149.83	4,276,886.35
Local District School Tax	16-A	7,504,695.00	7,080,817.00
Municipal Open Space Tax	17-A	<u>100,000.00</u>	<u>79,026.83</u>
Total Expenditures		<u>23,833,553.31</u>	<u>23,054,907.39</u>
Excess in Revenue		883,553.15	1,011,238.77
Adjustments To Income Before Surplus:			
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year and Current Year			
	A-3,23-A	<u>30,000.00</u>	<u>123,000.00</u>
Statutory Excess To Fund Balance		913,553.15	1,134,238.77
Fund Balance, January 1	A	<u>1,181,553.96</u>	<u>1,267,315.19</u>
		2,095,107.11	2,401,553.96
Decreased By:			
Utilized as Anticipated Revenue	A-2	<u>897,062.97</u>	<u>1,220,000.00</u>
Fund Balance, December 31	A	<u>\$ 1,198,044.14</u>	<u>\$ 1,181,553.96</u>

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2  
Page 1 of 3

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year Ended December 31, 2013

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 897,062.97	\$ 897,062.97	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	6-A	5,000.00	5,172.00	172.00
Other	6-A	35,000.00	35,153.00	153.00
Fees and Permits	6-A	109,000.00	133,077.59	24,077.59
Fines and Costs:				
Municipal Court	6-A	125,000.00	139,383.79	14,383.79
Interest and Costs on Taxes	6-A	63,000.00	73,409.73	10,409.73
Interest on Investments	6-A	32,500.00	33,602.66	1,102.66
Cable Franchise Fee	6-A	52,000.00	56,193.84	4,193.84
Mobile Tower Fee	6-A	35,000.00	36,557.01	1,557.01
Payment in Lieu of Taxes	6-A	40,000.00	40,000.00	-
Energy Receipts Tax	6-A	381,641.00	381,641.00	-
Fema Reimbursement	6-A	286,803.11	220,856.42	(65,946.69)
Uniform Construction Code	6-A	165,000.00	316,572.00	151,572.00
Clean Communities Program	6-A	6,216.29	6,216.29	-
Shared Services- Shrew Twp Fire	6-A	10,000.00	10,000.00	-
Recycling Tonnage Grant	6-A	10,477.20	10,477.20	-
Alcohol Education and Rehabilitation Fund	6-A	755.48	755.48	-
Safe and Secure Communities Program	6-A	25,895.00	25,895.00	-
Bulletproof Vest	6-A	2,720.00	2,720.00	-
Body Armor Fund	6-A	1,901.05	1,901.05	-
State Police - HMEP Project	6-A	8,043.24	8,043.24	-
Uniform Fire Safety Act	6-A	22,000.00	23,711.68	1,711.68
Administrative Costs for Outside Service - Police	6-A	5,000.00	6,426.25	1,426.25
 Total Miscellaneous Revenues	 A-1	 <u>1,422,952.37</u>	 <u>1,567,765.23</u>	 <u>144,812.86</u>
Receipts From Delinquent Taxes	A-1	<u>250,000.00</u>	<u>317,683.90</u>	<u>67,683.90</u>
Amount To Be Raised By Taxes For Support of Municipal Budget:				
Local Tax for Municipal Purposes	4-A	<u>6,393,226.78</u>	<u>6,772,400.02</u>	<u>379,173.24</u>
Budget Revenues	A-3	8,963,242.12	9,554,912.12	591,670.00
Non-Budget Revenues	A-1,A-2	<u>-</u>	<u>65,275.17</u>	<u>65,275.17</u>
		<u>\$ 8,963,242.12</u>	<u>\$ 9,620,187.29</u>	<u>\$ 656,945.17</u>

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

Exhibit A-2  
Page 2 of 3

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	<u>Reference</u>	
<u>Allocation of Current Tax</u>		
Allocation of Current Tax Collections:		
Revenue From Collections	A-1	\$ 21,611,159.46
Allocated To School, County Taxes and Municipal Open Space	4-A	<u>15,327,415.13</u>
Balance for Support of Municipal Budget Appropriations		6,283,744.33
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>488,655.69</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 6,772,400.02</u>
<u>Allocation of Delinquent Tax</u>		
Allocation of Delinquent Tax Collections:		
Revenue From Collections - Taxes	4-A	<u>\$ 317,683.90</u>
Receipts From Delinquent Taxes	A-2	<u>\$ 317,683.90</u>

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



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

Reference

Analysis of Non-Budget Revenues

Assessor's Lists	\$	390.00
Auctions		370.00
Assessment Search		10.00
Certified Copies		3,045.07
BOE-Refunds		9,005.61
Prior Year Refunds		1,353.71
NSF Check Charge		80.00
Elections		1,600.00
Division of Motor Vehicle		
Inspection Fee		6,925.50
Miscellaneous		6,972.28
Photocopies		52.90
Tax Search		10.00
Newsletter Advertising Fees		1,800.00
Tennis Badge		621.00
Emergency Notification SY		10,500.00
Unclaimed Money		219.00
Refunds		<u>22,320.10</u>
A-2, 1-A	\$	<u>65,275.17</u>

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Appropriated		Budget After Modification	Expended		Cancelled
	Original Budget	Emergency Appropriation		Paid or Charged	Reserved	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Within "CAPS"						
<b>GENERAL GOVERNMENT</b>						
General Administration:						
Salaries and Wages	\$ 80,000.00	\$ -	\$ 82,000.00	\$ 79,117.84	\$ 2,882.16	\$ -
Other Expenses	12,000.00	-	12,000.00	11,293.79	706.21	-
Local Ethics Board:						
Other Expenses	50.00	-	50.00	-	50.00	-
Mayor and Council:						
Other Expenses	2,000.00	-	2,000.00	1,011.71	988.29	-
Municipal Clerk:						
Salaries and Wages	112,000.00	-	112,000.00	110,267.54	1,732.46	-
Other Expenses	25,000.00	-	28,000.00	25,151.81	2,848.19	-
Printing	3,500.00	-	3,500.00	1,405.39	2,093.61	-
Vital Statistics:						
Salaries and Wages	11,500.00	-	11,500.00	11,500.00	-	-
Financial Administration (Treasury):						
Salaries and Wages	129,000.00	-	129,500.00	129,297.33	202.67	-
Other Expenses	11,500.00	-	11,500.00	9,446.16	2,053.84	-
Audit Services	30,700.00	-	30,700.00	30,700.00	-	-
Revenue Administration (Tax Collection):						
Salaries and Wages	62,300.00	-	62,800.00	62,781.56	18.44	-
Other Expenses	4,500.00	-	4,500.00	3,949.47	550.53	-
Tax Assessment Administration:						
Salaries and Wages	33,520.00	-	33,520.00	33,516.68	3.32	-
Other Expenses	3,000.00	-	3,000.00	2,542.49	457.51	-
Legal Services (Legal Department):						
Salaries and Wages	18,000.00	-	18,000.00	17,998.34	1.66	-
Other Expenses	50,000.00	-	50,000.00	47,386.29	2,613.71	-
Engineering Services:						
Other Expenses	50,000.00	-	50,000.00	38,426.00	11,574.00	-
<b>LAND USE ADMINISTRATION</b>						
Planning Board:						
Salaries and Wages	24,500.00	-	24,500.00	23,932.27	567.73	-
Other Expenses	1,500.00	-	1,500.00	1,499.27	0.73	-
Zoning Board of Adjustment:						
Salaries and Wages	24,500.00	-	24,500.00	24,457.69	42.31	-
Other Expenses	500.00	-	500.00	499.62	0.38	-
Zoning Officer:						
Salaries and Wages	4,080.00	-	4,080.00	4,080.00	-	-
Other Expenses	8,650.00	-	8,650.00	8,440.14	209.86	-
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>						
Uniform Construction Code Enforcement:						
Salaries and Wages	68,000.00	-	68,000.00	62,413.10	5,586.90	-
Other Expenses	2,400.00	-	2,400.00	2,279.30	120.70	-
Building Inspector:						
Salaries and Wages	13,900.00	-	13,900.00	13,881.12	18.88	-
Code Enforcement Official:						
Salaries and Wages	17,000.00	-	17,000.00	15,382.96	1,617.04	-
Other Expenses	950.00	-	950.00	849.62	100.38	-

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Within "CAPS"						
<b>INSURANCE</b>						
Disability Insurance	4,000.00	-	4,000.00	-	4,000.00	-
Other Insurance	110,000.00	-	110,000.00	109,885.02	1,14.98	-
Waiver of Insurance	9,000.00	-	10,100.00	10,100.00	-	-
Unemployment	5,000.00	-	5,000.00	-	5,000.00	-
Workers Compensation Insurance	145,098.34	-	145,098.34	145,098.34	-	-
Employee Group Insurance	1,136,000.00	-	1,118,700.00	1,032,781.74	85,918.26	-
<b>PUBLIC SAFETY</b>						
Police Department:						
Salaries and Wages	1,890,000.00	-	1,890,000.00	1,798,630.38	91,369.62	-
Other Expenses	180,000.00	-	184,170.00	179,355.01	4,814.99	-
OSHA Police Other Expense	3,000.00	-	3,000.00	2,604.00	396.00	-
Occupational Safety Law - 911	7,309.12	-	7,309.12	7,171.00	138.12	-
Office of Emergency Management:						
Other Expenses	4,000.00	-	6,000.00	2,672.93	3,327.07	-
First Aid Organization - Contribution:						
Other Expenses	21,000.00	-	21,000.00	16,887.82	4,112.18	-
Fire Protection Official:						
Salaries and Wages	13,900.00	-	13,900.00	13,881.12	18.88	-
Fire Marshall:						
Salaries and Wages	28,150.00	-	28,150.00	28,146.94	3.06	-
Other Expenses	4,500.00	-	4,500.00	4,500.00	-	-
Fire Company:						
Other Expenses	32,500.00	30,000.00	62,500.00	54,730.48	7,769.52	-
Occupational Safety Law (P.L. 1983, Ch. 516):						
OSHA - Fire Company Other Expenses	4,000.00	-	4,000.00	500.00	3,500.00	-
OSHA - First Aid Other Expenses	3,000.00	-	3,000.00	2,760.00	240.00	-
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance:						
Salaries and Wages	705,000.00	-	705,000.00	687,231.22	17,768.78	-
Other Expenses	20,000.00	-	29,000.00	27,190.52	1,809.48	-
OSHA Other Expenses	2,500.00	-	2,500.00	2,500.00	-	-
Vehicle Maintenance	40,000.00	-	40,000.00	32,273.94	7,726.06	-
Shade Tree Commission:						
Salaries and Wages	600.00	-	600.00	4.66	595.34	-
Other Expenses	4,000.00	-	4,000.00	3,582.73	417.27	-
Solid Waste Collection:						
Contractual	158,000.00	-	158,000.00	156,000.00	2,000.00	-
Buildings and Grounds:						
Salaries and Wages	11,000.00	-	11,000.00	10,746.47	253.53	-
Other Expenses	30,500.00	-	34,500.00	34,118.38	381.62	-
<b>Municipal Court:</b>						
Salaries and Wages	124,000.00	-	124,000.00	121,514.02	2,485.98	-
Other Expenses	6,500.00	-	6,500.00	6,426.82	73.18	-
Public Defender (P.L. 1997, c.256):						
Salaries and Wages	11,600.00	-	11,600.00	11,124.48	475.52	-

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
<b>GENERAL APPROPRIATIONS</b>							
Operations - Within "CAPS"							
<b>HEALTH AND HUMAN SERVICES</b>							
Public Health Services (Board of Health):							
Salaries and Wages	1,100.00	-	1,300.00	1,160.47	139.53	-	-
Other Expenses	41,700.00	-	41,700.00	41,304.00	396.00	-	-
OSHA Other Expense	1,300.00	-	1,300.00	-	1,300.00	-	-
Environmental Health Services:							
Salaries and Wages	765.00	-	765.00	750.00	15.00	-	-
Other Expenses	2,250.00	-	2,250.00	1,595.38	654.62	-	-
Animal Control Services:							
Other Expenses	50.00	-	50.00	-	50.00	-	-
Welfare/Administration of Public Assistance:							
Other Expenses	5,000.00	-	5,000.00	5,000.00	-	-	-
<b>RECREATION AND EDUCATION</b>							
Recreation Services and Programs:							
Salaries and Wages	9,000.00	-	9,000.00	7,912.50	1,087.50	-	-
Senior Citizens	2,500.00	-	2,500.00	2,497.97	2.03	-	-
Miscellaneous Other Expenses	55,500.00	-	55,500.00	39,599.82	15,900.18	-	-
Maintenance of Parks:							
Salaries and Wages	196,000.00	-	196,000.00	185,772.62	10,227.38	-	-
Other Expenses	18,500.00	-	18,500.00	16,701.74	1,798.26	-	-
<b>UNCLASSIFIED</b>							
Utility Expenses and Bulk Purchases:							
Electricity	85,000.00	-	82,830.00	68,794.94	14,035.06	-	-
Street Lighting	45,000.00	-	45,000.00	37,462.21	7,537.79	-	-
Telephone (excluding telephone acquisition)	45,000.00	-	45,000.00	34,236.89	10,763.11	-	-
Water	11,500.00	-	15,500.00	11,500.00	4,000.00	-	-
Fire Hydrant Service	91,000.00	-	91,000.00	86,728.14	4,271.86	-	-
Gas (natural or propane)	20,000.00	-	20,000.00	16,130.14	3,869.86	-	-
Fuel Oil	42,000.00	-	42,000.00	27,654.24	14,345.76	-	-
Cellular Telephone	15,000.00	-	15,000.00	12,573.16	2,426.84	-	-
Gasoline	70,000.00	-	70,000.00	53,734.37	16,265.63	-	-
Landfill/Solid Waste Disposal Costs	183,000.00	-	172,000.00	120,206.92	51,793.08	-	-
Deferred Charge-Prior Year Bill:							
Accumulated Leave Compensation:							
Salaries and Wages	1,050.00	-	1,050.00	1,050.00	-	-	-
Salary and Wage Adjustment Program:							
Salaries and Wages	500.00	-	500.00	-	500.00	-	-
Total Operations - Within "CAPS"	6,461,922.46	30,000.00	6,491,922.46	6,048,292.02	443,630.44	-	-
Contingent	500.00	-	500.00	209.88	290.12	-	-
Total Operations Including Contingent - Within "CAPS"	6,462,422.46	30,000.00	6,492,422.46	6,048,501.90	443,920.56	-	-
Detail:							
Salaries and Wages	3,590,415.00	-	3,590,415.00	3,455,501.31	138,113.69	-	-
Other Expenses	2,872,007.46	30,000.00	2,898,807.46	2,593,000.59	305,806.87	-	-

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

BOROUGH OF SIREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Within "CAPS"						
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
Statutory Expenditures:						
Contribution To:						
Social Security System (O.A.S.I.)	200,000.00	-	200,000.00	175,239.04	24,760.96	-
Stormwater Permit	5,000.00	-	5,000.00	-	5,000.00	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	205,000.00	-	205,000.00	175,239.04	29,760.96	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,667,422.46	30,000.00	6,697,422.46	6,223,740.94	473,681.52	-
911 System						
LOSAP	46,000.00	-	46,000.00	46,000.00	-	-
Statutory Expenditures:						
Public Employees' Retirement System	209,352.00	-	209,352.00	209,352.00	-	-
Police and Fireman's Retirement System	414,121.00	-	414,121.00	414,121.00	-	-
<b>PUBLIC AND PRIVATE PROGRAMS</b>						
OFFSET BY REVENUES						
Alcohol Education and Rehabilitation Fund:						
Other Expenses	755.48	-	755.48	755.48	-	-
Safe and Secure Communities Program:						
State Share	25,895.00	-	25,895.00	25,895.00	-	-
Matching Funds - Borough Share	82,540.00	-	82,540.00	82,540.00	-	-
Matching Funds For Other Expenses	500.00	-	500.00	-	500.00	-
Clean Communities Program	6,216.29	-	6,216.29	6,216.29	-	-
Bulletproof Vest	2,607.00	-	2,607.00	2,607.00	-	-
Body Armor Fund	1,901.05	-	1,901.05	1,901.05	-	-
Recycling Tonnage Grant	10,477.20	-	10,477.20	10,477.20	-	-
State Polices-HMER Project	8,043.24	-	8,043.24	8,043.24	-	-
Total Operations - Excluded From "CAPS"	808,408.26	-	808,408.26	807,908.26	500.00	-
Detail:						
Other Expenses	808,408.26	-	808,408.26	807,908.26	500.00	-
Capital Improvement Fund - Excluded From "CAPS"						
Capital Improvement Fund	100,000.00	-	100,000.00	100,000.00	-	-
Fire Pumper Truck and Rescue Vehicle	50,000.00	-	50,000.00	50,000.00	-	-
Total Capital Improvement Fund - Excluded From "CAPS"	150,000.00	-	150,000.00	150,000.00	-	-

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Original Budget	Appropriated Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Researched	
<b>GENERAL APPROPRIATIONS</b>						
Operations - Excluded from "CAPS"						
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	452,000.00	-	452,000.00	452,000.00	-	-
Miscellaneous Note Interest	6,750.00	-	6,750.00	6,671.30	-	78.70
Interest on Bonds	337,300.00	-	337,300.00	337,283.34	-	16.66
Total Municipal Debt Service - Excluded from "CAPS"	796,050.00	-	796,050.00	795,954.64	-	95.36
Deferred Charges - Excluded From "CAPS"						
Deferred Charges:						
Emergency Authorization - Other Expense	24,600.00	-	24,600.00	24,600.00	-	-
5 Yr Special Emergency - Other Expense	28,105.71	-	28,105.71	28,105.71	-	-
Capital Budget Unfunded						
Total Deferred Charges Other - Excluded from "CAPS"	52,705.71	-	52,705.71	52,705.71	-	-
Total General Appropriations - Excluded From "CAPS"	1,807,163.97		1,807,163.97	1,806,568.61	500.00	95.36
Subtotal General Appropriations	8,474,586.43	30,000.00	8,504,586.43	8,030,309.55	474,181.52	95.36
Reserve for Uncollected Taxes	488,655.69	-	488,655.69	488,655.69	-	-
Total General Appropriations	8,963,242.12	30,000.00	8,993,242.12	8,518,965.24	474,181.52	95.36
Reference	A-2	23-A	A-3		A	A-3
Analysis of Paid or Charged						
Reserve for Uncollected Taxes	A-2			\$ 488,655.69		
Cash Disbursed	1-A			7,758,056.63		
Encumbrances Payable	10-A			109,217.66		
Deferred Charges	23-A			24,600.00		
Reserve for State and Federal Grants - Appropriated	24-A			138,435.26		
				\$ 8,518,965.24		

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

TRUST FUND

EXHIBIT

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BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY  
 TRUST FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY ACCOUNTING BASIS  
 December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Animal Control Fund: Cash - Treasurer	1-B	\$ 15,575.40	\$ 15,183.93	Animal Control Fund: Reserve for Expenditures Due To: Red Bank Borough	2-B 9-B	\$ 10,544.80 5,030.60	\$ 10,556.60 4,627.33
Trust - Other Fund: Cash - Treasurer	1-B	1,237,058.03	1,350,445.17	Trust - Other Fund: Outside Employment Trust Fund Miscellaneous Trust Fund Reserves	5-B 6-B	2,365.00 1,234,693.03	- 1,350,445.17
Length of Service Award Program Fund ("LOSAP") - Reviewed: Investments	7-B	477,585.12	364,371.97	Length of Service Award Program Fund ("LOSAP") - Reviewed: Miscellaneous Reserves	8-B	477,585.12	364,371.97
Total Assets		\$ 1,730,218.55	\$ 1,730,001.07	Total Liabilities and Reserves		\$ 1,730,218.55	\$ 1,730,001.07

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GENERAL CAPITAL FUND

EXHIBITS

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

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

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash - Treasurer		\$ 83,181.04	\$ 229,512.71	General Serial Bonds	6-C	\$ 4,119,000.00	\$ 4,566,000.00
Deferred Charges To Future Taxation:				Encumbrance Payable	10-C	59,007.31	36,958.50
Funded	1-C,2-C			Bond Anticipation Notes	11-C	886,857.00	879,733.00
Unfunded	4-C	4,119,000.00	4,566,000.00	Improvement Authorizations:			
	5-C	1,496,443.66	959,298.72	Funded	7-C	95,645.42	129,197.64
				Unfunded	7-C	507,678.45	117,519.43
				Capital Improvement Fund	8-C	25,587.44	23,838.44
				Reserve for Green Acres	3-C	0.14	0.13
				Fund Balance	C-1	4,848.94	1,564.29
Total Assets		\$ 5,698,624.70	\$ 5,754,811.43	Total Liabilities, Reserves and Fund Balance		\$ 5,698,624.70	\$ 5,754,811.43

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

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 1,564.29
Increased By:		
Premium on BAN's		<u>3,284.65</u>
Balance, December 31, 2013	C	<u>\$ 4,848.94</u>

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

PUBLIC ASSISTANCE FUND

EXHIBIT

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BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

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

December 31, 2013 and 2012

<u>Assets</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>	<u>Reserves</u>	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash - Treasurer	I-D	\$ 12,449,24	\$ 13,928,24	Reserve for Public Assistance Expenditures	2-D	\$ 12,449,24	\$ 13,928,24
Total Assets		\$ 12,449,24	\$ 13,928,24	Total Reserves		\$ 12,449,24	\$ 13,928,24

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GENERAL FIXED ASSET ACCOUNT GROUP

EXHIBIT

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BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF ASSETS AND FUND BALANCE -  
 REGULATORY ACCOUNTING BASIS

December 31, 2013 and 2012

	<u>Reference</u>	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
Land		\$ 2,467,076.00	\$ 2,467,076.00
Buildings		4,741,553.33	4,741,553.33
Machinery and Equipment		<u>5,515,668.26</u>	<u>5,280,207.97</u>
Total General Fixed Assets	1-E	<u>\$ 12,724,297.59</u>	<u>\$ 12,488,837.30</u>
Investment in General Fixed Assets	1-E	<u>\$ 12,724,297.59</u>	<u>\$ 12,488,837.30</u>

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

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

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

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

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

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Borough conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Borough departments.

Trust Funds - are used to account for assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Borough which have restrictions placed on the use of such funds are recorded in the Trust Fund.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Borough.

General Fixed Assets Account Group - The Borough has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

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

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)
- C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Borough. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Borough's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Had the Borough's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

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

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the costs 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 N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Borough employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Borough is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Borough annually at an actuarially determinable rate for its required contribution.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2013	\$ 209,352.00	\$ 414,121.00
2012	203,079.00	403,363.00
2011	211,237.00	444,185.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2004.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2005.

Estimated Cost - The estimated cost of the program to the Borough has been calculated to be approximately \$46,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

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, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital 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. 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.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) 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.
- (d) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Borough is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Borough or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Borough is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

M. Inventories of Supplies

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

N. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the Table of Contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the Table of Contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

2. Deposits and Investments

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at December 31, 2013 and 2012 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$4,710,302.45 and \$4,936,049.22, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

2. Deposits and Investments (continued)

Deposits (continued)

At December 31, 2013 and 2012, the Borough's bank balances of \$4,684,165.70 and \$4,980,863.11, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2013</u>	<u>2012</u>
Insured	\$ 3,596,443.52	\$ 3,042,943.01
Uninsured and Uncollateralized	<u>1,087,722.18</u>	<u>1,937,920.10</u>
	<u>\$ 4,684,165.70</u>	<u>\$ 4,980,863.11</u>

New Jersey Cash Management Fund

During the year, the Borough participated in the New Jersey Cash Management Fund ("Fund"). The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the Fund are not subject to custodial credit risk as defined above. At December 31, 2013 and 2012, the Borough's deposits with the Fund were \$0.00 and \$21,070.78, respectively.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

2. Deposits and Investments (continued)

Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk. As of December 31, 2013 and 2012, \$477,585.12 and \$364,371.97, respectively, of the Borough's investments was exposed to Custodial Credit Risk, as follows:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>	<u>Total Reported Value</u>
<u>2013</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 477,585.12</u>	<u>\$ 477,585.12</u>	<u>\$ 477,585.12</u>
<u>2012</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 364,371.97</u>	<u>\$ 364,371.97</u>	<u>\$ 364,371.97</u>

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

3. Interfund Balances and Activity

Balances due to/(from) other Funds at December 31, 2013 consist of the following:

Due to Federal and State Grant Fund from Current Fund  
representing cash advances \$ 20,904.94

4. Taxes Receivable

Receivables at December 31, 2013 consisted of the following:

	<u>Current Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 244,202.71</u>	<u>\$ 244,202.71</u>

In 2013, the Borough collected \$317,683.90 from delinquent taxes, which represented 99.83% of the delinquent taxes receivable at December 31, 2012.

Receivables at December 31, 2012 consisted of the following:

	<u>Current Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 318,232.03</u>	<u>\$ 318,232.03</u>

In 2012, the Borough collected \$ 296,632.77 from delinquent taxes, which represented 99.82% of the delinquent taxes receivable at December 31, 2011.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2013 and 2012:

<u>2013</u>	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
Land	\$ 2,467,076.00			\$ 2,467,076.00
Buildings	4,741,553.33			4,741,553.33
Machinery and Equipment	<u>5,280,207.97</u>	<u>\$ 235,460.29</u>	<u>                    </u>	<u>5,515,668.26</u>
Total	<u>\$ 12,488,837.30</u>	<u>\$ 235,460.29</u>	<u>\$ 0.00</u>	<u>\$ 12,724,297.59</u>

<u>2012</u>	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
Land	\$ 2,467,076.00			\$ 2,467,076.00
Buildings	4,741,553.33			4,741,553.33
Machinery and Equipment	<u>4,541,171.02</u>	<u>\$ 772,615.70</u>	<u>\$ 33,578.75</u>	<u>5,280,207.97</u>
Total	<u>\$ 11,749,800.35</u>	<u>\$ 772,615.70</u>	<u>\$ 33,578.75</u>	<u>\$ 12,488,837.30</u>

6. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31, 2013:

General Capital Bonds

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	Balance December 31, <u>2013</u>
Refunding Bonds	03/08/07	\$ 3,067,000.00	Various	\$ 2,258,000.00
General Improvements	12/04/08	2,636,000.00	Various	<u>1,861,000.00</u>
				<u>\$ 4,119,000.00</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

6. Long-Term Debt (continued)

Monmouth County Improvement Authority ("M.C.I.A.") Loan

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2013</u>
Shrewsbury Fire Company	06/10/05	\$ 2,275,000.00	Various	\$ 1,915,000.00
Shrewsbury Fire Company	05/01/06	975,000.00	Various	<u>855,000.00</u>
				<u>\$ 2,770,000.00</u>

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

General Capital

<u>Calendar Year</u>	<u>General Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 460,000.00	\$ 197,435.00	\$ 657,435.00
2015	481,000.00	174,435.00	655,435.00
2016	503,000.00	150,385.00	653,385.00
2017	523,000.00	126,735.00	649,735.00
2018	436,000.00	101,985.00	537,985.00
2019	459,000.00	79,630.00	538,630.00
2020	480,000.00	57,890.00	537,890.00
2021	497,000.00	37,380.00	534,380.00
2022	<u>280,000.00</u>	<u>14,700.00</u>	<u>294,700.00</u>
	<u>\$ 4,119,000.00</u>	<u>\$ 940,575.00</u>	<u>\$ 5,059,575.00</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

6. Long-Term Debt (continued)

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

Monmouth County Improvement Authority ("M.C.I.A.") Loan

Calendar Year	M.C.I.A. Debt		Total
	Principal	Interest	
2014	\$ 125,000.00	\$ 116,181.26	\$ 241,181.26
2015	135,000.00	111,293.76	246,293.76
2016	145,000.00	105,843.76	250,843.76
2017	155,000.00	99,987.50	254,987.50
2018	255,000.00	93,577.50	348,577.50
2019	270,000.00	83,167.50	353,167.50
2020	280,000.00	72,142.50	352,142.50
2021	255,000.00	60,202.50	315,202.50
2022	270,000.00	49,325.00	319,325.00
2023	285,000.00	37,743.76	322,743.76
2024	290,000.00	25,518.76	315,518.76
2025	<u>305,000.00</u>	<u>13,081.26</u>	<u>318,081.26</u>
	<u>\$ 2,770,000.00</u>	<u>\$ 868,065.06</u>	<u>\$ 3,638,065.06</u>



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

6. Long-Term Debt (continued)

Summary of Municipal Debt (Excluding  
Current and Operating Debt and Type I School Debt)

<u>Issued</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General:			
Bonds, Notes and Loans	\$ <u>7,775,857.00</u>	\$ <u>8,330,733.00</u>	\$ <u>7,997,000.00</u>
Total Issued	<u>7,775,857.00</u>	<u>8,330,733.00</u>	<u>7,997,000.00</u>
Less:			
Reserve To Pay Debt Service	<u>23,990.80</u>	<u>133,990.80</u>	<u>                    </u>
Net Debt Issued	<u>7,751,866.20</u>	<u>8,196,742.20</u>	<u>7,997,000.00</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>609,586.66</u>	<u>79,565.72</u>	<u>1,308,795.11</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 8,361,452.86</u>	<u>\$ 8,276,307.92</u>	<u>\$ 9,305,795.11</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 0.808%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local District School	\$ 3,630,000.00	\$ 3,630,000.00	
Regional School	1,152,278.18	1,152,278.18	
General	<u>8,385,443.66</u>	<u>23,990.80</u>	<u>\$ 8,361,452.86</u>
	<u>\$ 13,167,721.84</u>	<u>\$ 4,806,268.98</u>	<u>\$ 8,361,452.86</u>

Net Debt \$ 8,361,452.86 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$ 1,034,230,970.67 = 0.808%

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

6. Long-Term Debt (continued)

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 36,198,083.97
Less: Net Debt	<u>8,361,452.86</u>
Remaining Borrowing Power	<u>\$ 27,836,631.11</u>

7. Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various 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 ten years. 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 an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the third anniversary date of the original issuance.

At December 31, 2013, the Borough had the following bond anticipation notes:

12/20/13 Improvements to Blade Run	1.50%	\$ 190,000.00
12/20/13 Acquisition of Police Equipment	1.50%	22,945.00
12/20/13 Acquisition of Fire Apparatus	1.50%	562,233.00
12/20/13 Purchase of Fire Equipment	1.50%	58,020.00
12/20/13 Purchase of DPW Equipment	1.50%	11,400.00
12/20/13 Purchase of Police Equipment	1.50%	9,009.00
12/20/13 Sycamore Avenue Sidewalks	1.50%	<u>33,250.00</u>
		<u>\$ 886,857.00</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

8. Bonds and Notes Authorized But Not Issued

At December 31, 2013, the Borough of Shrewsbury had \$ 609,586.66 authorized but not issued bonds and notes.

9. Local District School and Regional High School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough has elected to defer school taxes as follows:

	Local District School Tax		Regional High School Tax	
	2013	2012	2013	2012
Balance of Tax	\$ 3,727,468.00	\$ 3,665,105.00	\$ 2,318,974.50	\$ 2,188,242.34
Deferred	2,775,000.00	2,775,000.00	2,100,000.00	2,100,000.00
Tax Payable	\$ 952,468.00	\$ 890,105.00	\$ 218,974.50	\$ 88,242.34

10. Fund Balance Appropriated

The Current Fund balance at December 31, 2013 was \$1,198,044.14 of which \$1,100,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2014.\*

11. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. The Borough permits its employees to accumulate unused sick pay, to a maximum of 180 days. The current cost of such unpaid compensation would approximate \$364,361.23 at December 31, 2013. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

\* Budget not adopted as of the date of this report

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

12. Post-Employment Retirement Benefits

In addition to the pension benefits as described in Note 1, the Borough provides for health benefits as follows.

All employees of the Borough who have completed twenty-five (25) years of employment have the option, upon retirement, of retaining all of the health/medical benefits provided. The cost of retirees' health care benefits is recognized as an expenditure when claims are paid. During 2013, the Borough paid \$ 223,349.80 for those costs.

The Borough started contributing to the State Health Benefits Program for Post-Employment Retirement Benefits effective March 1, 2010; prior to that date, Post-Employment Retirement Benefits were provided by Horizon Blue Cross/Blue Shield.

13. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Borough has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2013 and 2012 totaled \$4,993.88 and \$4,956.56, respectively.

14. Contingent Liabilities

State and Federal Grants

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

Pending Litigation

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

15. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

16. Length of Service Award Program ("LOSAP") - Reviewed

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2004.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2005.

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

Determination as to Eligibility - Each emergency service organization shall provide to the Borough 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 of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

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

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

16. Length of Service Award Program ("LOSAP") - Reviewed (continued)

Vesting - The Active volunteer member shall not be permitted to receive a distribution for the fund in his or her LOSAP account until the completion of a five-year 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 Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

SUPPLEMENTARY STATEMENTS

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CURRENT FUND

STATEMENTS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR/TREASURER

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	A		\$ 3,326,834.17
Increased By Receipts:			
PY Revenue	A-1	\$ 75.92	
Canceled State Checks	A-1	610.00	
Miscellaneous Revenue Not Anticipated	A-2	65,275.17	
Due From:			
State of New Jersey for Senior Citizens' and Veterans' Deductions	3-A	35,500.00	
Animal Control Trust Fund	7-A	1.00	
Taxes Receivable	4-A	21,716,966.06	
Revenue Accounts Receivable	6-A	1,511,756.97	
Grants Receivable	8-A	1,738.00	
Tax Overpayments	12-A	81,620.12	
2014 Prepaid Taxes	13-A	81,216.14	
Due To Sewerage Authority	26-A	5,562.76	
Due To State of New Jersey - Marriage License Fees	18-A	725.00	
Reserve for:			
Tax Appeals	19-A	50,000.00	
Fire Apparatus	27-A	50,000.00	
Tax Redemption	20-A	124,691.80	
State Grants - Unappropriated	25-A	<u>20,866.18</u>	
			<u>23,746,605.12</u>
			27,073,439.29
Decreased By Disbursements:			
Canceled NSF Checks	A-1	214.47	
Appropriation Expenditures	A-3	7,758,056.63	
2012 Appropriation Reserves	9-A	249,609.32	
Debt Service	11-A	110,000.00	
Tax Overpayments	12-A	36,864.00	
County Taxes	14-A	3,080,174.40	
Regional High School Tax	15-A	4,507,417.67	
Local District School Tax	16-A	7,442,332.00	
Municipal Open Space Tax	17-A	100,000.00	
Due To Sewerage Authority	26-A	6,209.73	
Due To State of New Jersey - Marriage License Fees	18-A	775.00	
Reserve for:			
Tax Appeals	19-A	150,000.00	
Tax Redemption	20-A	146,488.74	
Codification	22-A	1,195.00	
State Grants - Appropriated	24-A	<u>122,208.59</u>	
			<u>23,711,545.55</u>
Balance, December 31, 2013	A		<u>\$ 3,361,893.74</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF CHANGE FUND

Year ended December 31, 2013

Reference

Balance, December 31, 2013 and 2012

A

\$ 145.00

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE FROM/(TO) STATE OF NEW JERSEY FOR  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	A		\$ 141.86
Increased By:			
Senior Citizens' Deductions Per Tax Billing	4-A	\$ 1,250.00	
Veterans' Deductions Per Tax Billing	4-A	34,750.00	
Senior Citizens' Deductions Allowed	4-A	<u>250.00</u>	
			<u>36,250.00</u>
			36,391.86
Decreased By:			
Cash Receipts	1-A	35,500.00	
Senior Citizens Deductions Disallowed	4-A	1,000.00	
Veterans' Deductions Disallowed	4-A	<u>250.00</u>	
			<u>36,750.00</u>
Balance, December 31, 2013	A		<u><u>\$ (358.14)</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2013

Year	Balance December 31, 2012	2013 Levy	Added/ Omitted Taxes 2013	2012	2013	Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transfer To Liens/ Arrears/ Cancelled	Balance December 31, 2013	Reference
2012	\$ 317,683.90	\$ -	\$ -	\$ -	\$ 317,683.90	\$ -	\$ -	\$ -	A
2013	-	21,639,428.71	179,015.99	176,877.30	21,399,282.16	35,000.00	(36,360.66)	243,645.90	A
	\$ 317,683.90	\$ 21,639,428.71	\$ 179,015.99	\$ 176,877.30	\$ 21,716,966.06	\$ 35,000.00	\$ (36,360.66)	\$ 243,645.90	A
				13-A	1-A	3-A			
4-A					Cancellations		\$ (36,369.34)		
5-A					Transfer to Tax Title Liens		8.68		
							\$ (36,360.66)		

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year ended December 31, 2013

<u>Analysis of 2013 Property Tax Levy</u>	<u>Reference</u>		
Tax Yield:			
General Purpose Tax	4-A	\$ 21,639,428.71	
Added Taxes (54:4-63.1 et seq.)	4-A	<u>179,015.99</u>	
			<u>\$ 21,818,444.70</u>
Tax Levy:			
County Taxes (Abstract)	14-A	\$ 2,741,342.81	
County Library Tax (Abstract)	14-A	175,800.77	
County Open Space Fund Tax	14-A	152,180.62	
Due County for Added Taxes (54:4-63.1 et seq.)	14-A	<u>15,246.10</u>	
			3,084,570.30
Regional High School Tax (Abstract)	15-A		4,638,149.83
Local District School Tax (Abstract)	16-A		7,504,695.00
Municipal Open Space Tax	17-A		<u>100,000.00</u>
			15,327,415.13
Local Tax for Municipal Purposes (Abstract)	A-2		
Add:	A-2	6,393,226.78	
Additional Tax Levied	4-A	<u>97,802.79</u>	
Local Tax for Municipal Purposes Levied	4-A		<u>6,491,029.57</u>
			<u>\$ 21,818,444.70</u>
 <u>Analysis of Revenues from Collections</u>			
2013 Cash Collections of 2013 Taxes	4-A		\$ 21,399,282.16
2012 Cash Collections of 2013 Taxes	4-A		176,877.30
Senior Citizens' and Veterans' Deductions (Net)	4-A		<u>35,000.00</u>
Revenue From Collections			<u>\$ 21,611,159.46</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAX TITLE LIENS RECEIVABLE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 548.13
Increased By:		
Transfer From Taxes Receivable	4-A	<u>8.68</u>
Balance, December 31, 2013	A	<u>\$ 556.81</u>



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

Year ended December 31, 2013

	Balance December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance December 31, <u>2013</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,172.00	\$ 5,172.00	\$ -
Other	-	35,153.00	35,153.00	-
Fees and Permits	-	133,077.59	133,077.59	-
Fines and Costs:				
Municipal Court	11,073.50	143,553.90	139,383.79	15,243.61
Interest and Costs on Taxes	-	73,409.73	73,409.73	-
Interest on Investments	-	33,602.66	33,602.66	-
Cable Franchise Fee	-	56,193.84	56,193.84	-
Mobile Tower Fee	-	36,557.01	36,557.01	-
Payment in Lieu of Taxes	-	40,000.00	40,000.00	-
Energy Receipts Tax	-	381,641.00	381,641.00	-
Uniform Construction Code	-	316,572.00	316,572.00	-
FEMA Reimbursements	-	220,856.42	220,856.42	-
Shared Services - Shrewsbury Twp Fire	-	10,000.00	10,000.00	-
Clean Communities Program	-	6,216.29	6,216.29	-
Recycling Tonnage Grant	-	10,477.20	10,477.20	-
Alcohol Education and Rehabilitation Fund	-	755.48	755.48	-
Safe and Secure Communities Program	-	25,895.00	25,895.00	-
Body Armor Fund	-	1,901.05	1,901.05	-
Bulletproof Vest	-	2,720.00	2,720.00	-
State Police - HMEP Project	-	8,043.24	8,043.24	-
Uniform Fire Safety Act	-	23,711.68	23,711.68	-
Administrative Costs for Outside Service - Police	-	6,426.25	6,426.25	-
	<u>\$ 11,073.50</u>	<u>\$ 1,571,935.34</u>	<u>\$ 1,567,765.23</u>	<u>\$ 15,243.61</u>
	Reference	A	6-A	A
Cash	1-A		\$ 1,511,756.97	
Grants Receivable	8-A		<u>56,008.26</u>	
	A-2		<u>\$ 1,567,765.23</u>	

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE FROM ANIMAL CONTROL FUND

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ -
Increased By:		
Statutory Excess	A-1	<u>1.00</u>
		1.00
Decreased By:		
Cash Receipts	1-A	<u>1.00</u>
Balance, December 31, 2013	A	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

STATE AND FEDERAL GRANT FUND

STATEMENT OF GRANTS RECEIVABLE

Year ended December 31, 2013

	Balance December 31, 2012	Increase By Revenue Anticipated 2013	Received	Unappropriated Applied	Cancelled	Balance December 31, 2013
Safe and Secure Communities Program	\$ -	\$ 25,895.00	\$ -	\$ -	\$ -	\$ 25,895.00
Recycling Tonnage	-	10,477.20	-	10,477.20	-	-
Body Armor Grant	-	1,901.05	-	1,901.05	-	-
Alcohol Education Rehabilitation Fund	-	755.48	-	755.48	-	-
Clean Communities Program	-	6,216.29	-	6,216.29	-	-
State Policee-HMEP Project	232.64	8,043.24	-	-	232.64	8,043.24
Bulletproof Vest Grant	1,625.00	2,720.00	1,738.00	-	-	2,607.00
Over the Limit Under Arrest	1,200.00	-	-	-	1,200.00	-
	<u>\$ 3,057.64</u>	<u>\$ 56,008.26</u>	<u>\$ 1,738.00</u>	<u>\$ 19,350.02</u>	<u>\$ 1,432.64</u>	<u>\$ 36,545.24</u>
<u>Reference</u>	A	A-2,6-A	1-A	25-A	A-1	A

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF 2012 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Balance December 31, 2012	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT</b>				
General Administration:				
Salaries and Wages	\$ 208.28	\$ 208.28	\$ 208.28	\$ -
Other Expenses	727.18	727.18	287.49	439.69
Local Ethics Board:				
Other Expenses	50.00	50.00	-	50.00
Mayor and Council:				
Other Expenses	7.16	7.16	-	7.16
Municipal Clerk:				
Salaries and Wages	1,788.77	1,788.77	1,250.10	538.67
Other Expenses	6,152.09	6,304.99	2,820.24	3,484.75
Printing	1,148.31	1,148.31	4.00	1,144.31
Financial Administration (Treasury):				
Salaries and Wages	431.96	431.96	-	431.96
Other Expenses	5,128.09	5,474.55	413.06	5,061.49
Revenue Administration (Tax Collection):				
Salaries and Wages	277.15	277.15	-	277.15
Other Expenses	837.07	887.02	636.38	230.64
Tax Assessment Administration:				
Salaries and Wages	0.69	0.69	-	0.69
Other Expenses	25,638.20	25,756.10	25,662.90	93.20
Legal Services (Legal Department):				
Salaries and Wages	818.16	818.16	-	818.16
Other Expenses	11,831.63	19,140.38	10,587.25	8,553.13
Engineering Services:				
Other Expenses	2,950.04	6,050.04	5,997.00	53.04
<b>LAND USE ADMINISTRATION</b>				
Planning Board:				
Salaries and Wages	5.57	5.57	-	5.57
Other Expenses	94.38	169.38	150.00	19.38
Zoning Board of Adjustment:				
Salaries and Wages	-	24.05	-	24.05
Other Expenses	23.22	23.22	20.00	3.22
Law				
Salaries and Wages	24.05			
Zoning Officer:				
Salaries and Wages	415.15	415.15	-	415.15
Other Expenses	22.05	22.05	20.00	2.05
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>				
Uniform Construction Code Enforcement:				
Salaries and Wages	2,932.36	2,932.36	636.85	2,295.51
Other Expenses	72.15	72.15	-	72.15
Building Inspector:				
Salaries and Wages	1.14	1.14	-	1.14
Code Enforcement Official:				
Salaries and Wages	742.93	742.93	655.59	87.34
Other Expenses	19.50	775.30	755.80	19.50
<b>INSURANCE</b>				
Other Insurance	4,727.28	4,897.28	220.00	4,677.28
Waiver of Insurance	1,142.23	1,142.23	687.49	454.74
Workers Compensation Insurance	27.00	27.00	-	27.00
Employee Group Insurance	47,086.53	6,736.53	219.60	6,516.93
<b>PUBLIC SAFETY</b>				
Police Department:				
Salaries and Wages	42,516.30	14,916.30	11,434.93	3,461.37
Other Expenses	11,565.33	24,635.37	21,669.29	2,966.08
OSHA	1,362.00	1,362.00	-	1,362.00
Office of Emergency Management:				
Other Expenses	2,467.27	2,642.89	305.61	2,337.28
First Aid Organization - Contribution				
Other Expenses	6,762.79	6,927.73	349.74	6,577.99
Fire Protection Official:				
Salaries and Wages	136.14	136.14	-	136.14
Fire Marshall:				
Salaries and Wages	5.08	5.08	-	5.08
Other Expenses	274.94	274.94	129.32	145.62
Fire Company:				
Other Expenses	34.25	84.25	-	84.25
Fire:				
Other Expenses				
Occupational Safety Law (P.L. 1983, Ch. 516):				
OSHA - Fire Company Other Expenses	4,000.00	4,000.00	-	4,000.00
OSHA - First Aid Other Expenses	3,000.00	3,000.00	-	3,000.00
<b>PUBLIC WORKS</b>				
Streets and Road Maintenance:				
Salaries and Wages	121.49	121.49	-	121.49
Other Expenses	2,225.59	51,225.59	41,723.87	9,501.72
OSHA Other Expense	1,262.29	1,262.29	1,208.62	53.67
Vehicle Maintenance	2,468.26	12,449.78	12,383.30	66.48
Shade Tree Commission:				
Salaries and Wages	436.25	436.25	135.00	301.25
Other Expenses	376.05	376.05	-	376.05
Solid Waste Collection:				
Contractual	14,330.00	14,330.00	14,330.00	-
Buildings and Grounds:				
Salaries and Wages	426.88	426.88	302.64	124.24

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF 2012 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2013

	Balance December 31, 2012	Balance After Modification	Paid or Charged	Balance Unaudited
Other Expenses	1,518.43	12,271.21	7,293.19	4,978.02
Municipal Court:				
Salaries and Wages	1,937.64	1,937.64	-	1,937.64
Other Expenses	3.17	610.17	394.17	216.00
Public Defender (P.L. 1997, c.256):				
Salaries and Wages	58.68	58.68	-	58.68
HEALTH AND HUMAN SERVICES				
Public Health Services (Board of Health):				
Salaries and Wages	52.39	52.39	-	52.39
Other Expenses	279.00	279.00	-	279.00
OSHA Other Expenses	2,000.00	2,000.00	-	2,000.00
Environmental Health Services:				
Other Expenses	935.00	935.00	-	935.00
RECREATION AND EDUCATION				
Recreation Services and Programs:				
Salaries and Wages	1,911.75	1,911.75	-	1,911.75
Senior Citizens	120.37	623.07	502.70	120.37
Miscellaneous Other Expenses	5,368.51	10,151.82	5,108.81	5,043.01
Maintenance of Parks:				
Salaries and Wages	49.15	49.15	-	49.15
Other Expenses	8,724.41	9,936.31	4,371.18	5,565.13
UNCLASSIFIED				
Utility Expenses and Bulk Purchases:				
Electricity	13,440.04	13,440.04	3,573.45	9,866.59
Street Lighting	21,891.72	25,855.27	5,633.82	20,221.45
Telephone (excluding telephone acquisition)	15,497.56	21,121.92	5,650.41	15,471.51
Water	4,221.48	4,880.17	991.43	3,888.74
Fire Hydrant Service	15,488.48	22,290.08	6,801.60	15,488.48
Gas (natural or propane)	9,118.79	11,073.17	3,396.95	7,676.22
Fuel Oil	5,054.59	7,430.88	3,664.95	3,765.93
Cellular Telephone	6,684.18	6,721.53	1,726.50	4,995.03
Gasoline	14,766.92	17,583.92	7,193.46	10,390.46
Landfill/Solid Waste Disposal Costs	50,303.98	50,303.98	9,596.59	40,707.39
Accumulated Leave Compensation:				
Salaries and Wages	500.00	30,500.00	30,000.00	500.00
Salary and Wage Adjustment Program:				
Salaries and Wages	500.00	500.00	-	500.00
Contingent	500.00	500.00	-	500.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	16,708.41	16,708.41	-	16,708.41
Disability Insurance	1,766.49	1,766.49	-	1,766.49
Unemployment	8,000.00	8,000.00	-	8,000.00
GENERAL APPROPRIATIONS				
Operations - Excluded From "CAPS"				
LOSAP	2,300.00	2,300.00	1,150.00	1,150.00
PUBLIC AND PRIVATE PROGRAMS				
OFFSET BY REVENUES				
Matching Funds - For Grants	500.00	500.00	-	500.00
Total General Appropriations	<u>\$ 419,302.37</u>	<u>\$ 507,962.16</u>	<u>\$ 252,293.56</u>	<u>\$ 255,668.60</u>
Reference	A			A-1
Appropriation Reserves	A	\$ 419,302.37		
Encumbrances Payable	10-A	<u>88,659.79</u>		
		<u>\$ 507,962.16</u>		
Cash Disbursement	1-A		\$ 249,609.32	
Accounts Payable	28-A		<u>2,684.24</u>	
			<u>\$ 252,293.56</u>	

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF ENCUMBRANCES PAYABLE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 88,659.79
Increased By:		
Current Appropriations	A-3	<u>109,217.66</u>
		197,877.45
Decreased By:		
Transferred To Appropriation Reserves	9-A	<u>88,659.79</u>
Balance, December 31, 2013	A	<u>\$ 109,217.66</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## STATEMENT OF RESERVE FOR DEBT SERVICE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 133,990.80
Decreased By:		
Cash Disbursements	1-A	<u>110,000.00</u>
Balance, December 31, 2013	A	<u>\$ 23,990.80</u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF TAX OVERPAYMENTS

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	A		\$ -
Increased By:			
Cash Receipts	1-A		<u>81,620.12</u>
			81,620.12
Decreased By:			
Transfer to Prepaid Taxes	13-A	\$ 44,756.12	
Cash Disbursements	1-A	<u>36,864.00</u>	
			<u>81,620.12</u>
Balance, December 31, 2013	A		<u><u>\$ -</u></u>



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF PREPAID TAXES

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 176,877.30
Increased By:		
Transfer from Overpayments	12-A	\$ 44,756.12
Cash Receipts:		
Collection of 2014 Taxes	1-A	<u>81,216.14</u>
		<u>125,972.26</u>
		302,849.56
Decreased By:		
Amount Applied To 2013 Taxes Receivable	4-A	<u>176,877.30</u>
Balance, December 31, 2013	A	<u><u>\$ 125,972.26</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF COUNTY TAXES PAYABLE

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	A		\$ 10,850.20
Increased By:			
2012 Tax Levy:			
County Tax	A-1,4-A	\$ 2,741,342.81	
County Library Tax	A-1,4-A	175,800.77	
County Open Space Fund Tax	A-1,4-A	152,180.62	
Due County for Added Taxes	A-1,4-A	<u>15,246.10</u>	
			<u>3,084,570.30</u>
			3,095,420.50
Decreased By:			
Cash Disbursements	1-A		<u>3,080,174.40</u>
Balance, December 31, 2013	A		<u>\$ 15,246.10</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF REGIONAL HIGH SCHOOL TAX PAYABLE

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012			
School Tax Payable	A	\$ 88,242.34	
School Tax Deferred	15-A	<u>2,100,000.00</u>	
			\$ 2,188,242.34
Increased By:			
Levy (School Year July 1, 2013 to June 30, 2014)	4-A		<u>4,638,149.83</u>
			6,826,392.17
Decreased By:			
Cash Disbursements	1-A		<u>4,507,417.67</u>
Balance, December 31, 2013			
School Tax Payable	A	218,974.50	
School Tax Deferred	15-A	<u>2,100,000.00</u>	
			<u>\$ 2,318,974.50</u>
 <u>2013 Liability for Regional High School Tax</u>			
Tax Payable, December 31, 2013	A		\$ 218,974.50
Tax Paid	1-A		<u>4,507,417.67</u>
			4,726,392.17
Less:			
Tax Payable, December 31, 2012	A		<u>88,242.34</u>
Amount Charged To 2013 Operations	A-1		<u>\$ 4,638,149.83</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012			
School Tax Payable	A	\$ 890,105.00	
School Tax Deferred	16-A	<u>2,775,000.00</u>	\$ 3,665,105.00
Increased By:			
Levy (School Year July 1, 2013 to June 30, 2014)	4-A		<u>7,504,695.00</u>
			11,169,800.00
Decreased By:			
Cash Disbursements	1-A		<u>7,442,332.00</u>
Balance, December 31, 2013			
School Tax Payable	A	952,468.00	
School Tax Deferred	16-A	<u>2,775,000.00</u>	<u>\$ 3,727,468.00</u>
 <u>2013 Liability for Local District School Tax</u>			
Tax Payable, December 31, 2013	A	\$ 952,468.00	
Tax Paid	1-A	<u>7,442,332.00</u>	8,394,800.00
Less:			
Tax Payable, December 31, 2012	A	<u>890,105.00</u>	
Amount Charged To 2013 Operations	A-1		<u>\$ 7,504,695.00</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF DUE TO TRUST FUND - OPEN SPACE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ -
Increased By:		
Tax Levy	A-1,4-A	<u>100,000.00</u>
		100,000.00
Decreased By:		
Cash Disbursements	I-A	<u>100,000.00</u>
Balance, December 31, 2013	A	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## STATEMENT OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 125.00
Increased By:		
Cash Receipts	1-A	<u>725.00</u>
		850.00
Decreased By:		
Cash Disbursements	1-A	<u>775.00</u>
Balance, December 31, 2013	A	<u><u>\$ 75.00</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## STATEMENT OF RESERVE FOR STATE TAX APPEALS PENDING

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 150,000.00
Increased By:		
Tax Appeals Pending	1-A	<u>50,000.00</u>
		200,000.00
Decreased By:		
Cash Disbursements	1-A	<u>150,000.00</u>
Balance, December 31, 2013	A	<u><u>\$ 50,000.00</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR TAX REDEMPTIONS

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 27,791.55
Increased By:		
Cash Receipts	1-A	<u>124,691.80</u>
		152,483.35
Decreased By:		
Cash Disbursements	1-A	<u>146,488.74</u>
Balance, December 31, 2013	A	<u><u>\$ 5,994.61</u></u>



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR WARDELL HOUSE

Year ended December 31, 2013

Reference

Balance, December 31, 2013 and 2012

A

\$ 157,500.00

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR CODIFICATION

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 5,859.07
Decreased By:		
Cash Disbursements	1-A	<u>1,195.00</u>
Balance, December 31, 2013	A	<u>\$ 4,664.07</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## STATEMENT OF DEFERRED CHARGES - OTHER

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 98,400.00
Increased By:		
Emergency Appropriation	A-3	<u>30,000.00</u>
		128,400.00
Decreased By:		
Budget Appropriation (Special 5 Year)	A-3	<u>24,600.00</u>
Balance, December 31, 2013	A	<u><u>\$ 103,800.00</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

STATE AND FEDERAL GRANT FUND

STATEMENT OF RESERVE FOR STATE GRANTS - APPROPRIATED

Year ended December 31, 2013

Grant	Balance December 31, 2012	Transferred From 2012 Appropriations	Expended	Cancelled	Balance December 31, 2013
Alcohol Education Rehabilitation Fund	\$ 3,615.81	\$ 755.48	\$ 88.86	\$ -	\$ 4,282.43
Safe and Secure Communities Program	-	25,895.00	25,895.00	-	-
State Share	-	82,540.00	82,540.00	-	-
Matching Funds - Borough Share	6,326.37	6,216.29	180.24	-	12,362.42
Clean Communities Program	-	2,607.00	1,141.52	-	1,465.48
Bulletproof Vest	0.05	1,901.05	1,141.53	-	759.57
Body Armor Fund	472.42	10,477.20	-	-	10,949.62
Recycling Tonnage Grant	1,500.00	-	-	1,500.00	-
Green Communities	1,200.00	-	-	-	1,200.00
Over the Limit Under Arrest	-	-	-	-	-
Hazardous Materials Emergency	-	-	-	-	-
Preparedness Grant	174.42	-	-	174.42	-
State Police - HMEP Project	714.36	8,043.24	7,792.09	129.79	835.72
Drunk Driving Enforcement Fund	5,416.88	-	3,429.35	-	1,987.53
	<u>\$ 19,420.31</u>	<u>\$ 138,435.26</u>	<u>\$ 122,208.59</u>	<u>\$ 1,804.21</u>	<u>\$ 33,842.77</u>
Reference	A	A-3	I-A	A-1	A

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

STATE AND FEDERAL GRANT FUND

STATEMENT OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 22,091.25
Increased By:		
Body Armor		\$ 2,212.48
Alcohol Education and Rehabilitation Fund		949.94
Recycling Tonnage Grant		10,405.33
Clean Communities Program		<u>7,298.43</u>
	1-A	<u>20,866.18</u>
		42,957.43
Decreased By:		
Budget Appropriation	8-A	<u>19,350.02</u>
Balance, December 31, 2013	A	<u>\$ 23,607.41</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## CURRENT FUND

## STATEMENT OF DUE TO SEWERAGE AUTHORITY

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 6,209.73
Increased By:		
Cash Receipts	1-A	<u>5,562.76</u>
		11,772.49
Decreased By:		
Cash Disbursements	1-A	<u>6,209.73</u>
Balance, December 31, 2013	A	<u>\$ 5,562.76</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF RESERVE FOR FIRE APPARATUS

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ 50,000.00
Increased By:		
Cash Receipts	1-A	<u>50,000.00</u>
Balance, December 31, 2013	A	<u><u>\$ 100,000.00</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

STATEMENT OF ACCOUNTS PAYABLE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	A	\$ -
Increased By:		
Transferred from Appropriation Reserves	9-A	<u>2,684.24</u>
Balance, December 31, 2013	A	<u>\$ 2,684.24</u>



TRUST FUND

STATEMENTS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

STATEMENT OF CASH - TREASURER

Year ended December 31, 2013

	<u>Reference</u>	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2012	B	<u>\$ 15,183.93</u>	<u>\$ 1,350,445.17</u>
Increased By Receipts:			
Animal Control Fund	2-B	7,469.40	-
Due To State Department of Health	3-B	642.60	-
Outside Employment Trust Fund	5-B	-	101,218.00
Miscellaneous Trust Fund Reserves	6-B	-	4,460,902.55
		<u>8,112.00</u>	<u>4,562,120.55</u>
		<u>23,295.93</u>	<u>5,912,565.72</u>
Decreased By Disbursements:			
Expenditures Under R.S. 4:19-15.11	2-B	2,144.38	-
Due To:			
State Department of Health	3-B	642.60	-
Current Fund	4-B	1.00	-
Outside Employment Trust Fund	5-B	-	98,853.00
Due To: Borough of Red Bank	9-B	4,932.55	
Miscellaneous Trust Fund Reserves	6-B	-	4,576,654.69
		<u>7,720.53</u>	<u>4,675,507.69</u>
Balance, December 31, 2013	B	<u><u>\$ 15,575.40</u></u>	<u><u>\$ 1,237,058.03</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF RESERVE FOR EXPENDITURES

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	B		\$ 10,556.60
Increased By:			
Late Fees		\$ 1,045.00	
Dog Licenses		5,324.40	
Cat Licenses		<u>1,100.00</u>	
	1-B		<u>7,469.40</u>
			18,026.00
Decreased By:			
Expenditures Under R.S. 4:19-15.11	1-B	2,144.38	
Due To Borough of Red Bank	9-B	5,335.82	
Statutory Excess	4-B	<u>1.00</u>	
			<u>7,481.20</u>
Balance, December 31, 2013	B		<u><u>\$ 10,544.80</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 5,239.00
2012	<u>5,305.80</u>
	<u><u>\$ 10,544.80</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF DUE TO STATE DEPARTMENT OF HEALTH

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	B	\$ -
Increased By:		
Collected in 2013	1-B	<u>642.60</u>
		642.60
Decreased By:		
Payments	1-B	<u>642.60</u>
Balance, December 31, 2013	B	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF DUE TO CURRENT FUND

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	B	\$ -
Increased By:		
Statutory Excess	2-B	<u>1.00</u>
		1.00
Decreased By:		
Cash Disbursements	1-B	<u>1.00</u>
Balance, December 31, 2013	B	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## TRUST - OTHER FUND

## STATEMENT OF OUTSIDE EMPLOYMENT TRUST FUND

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	B	\$ -
Increased By:		
Cash Receipts	1-B	<u>101,218.00</u>
		101,218.00
Decreased By:		
Cash Disbursements	1-B	<u>98,853.00</u>
Balance, December 31, 2013	B	<u><u>\$ 2,365.00</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

TRUST - OTHER FUND

STATEMENT OF MISCELLANEOUS TRUST FUND RESERVES

Year ended December 31, 2013

	Balance December 31, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2013</u>
Tax Sale Premium	\$ 150,200.00	\$ 113,400.00	\$ 77,400.00	\$ 186,200.00
Unemployment Compensation	4,956.56	37.32	-	4,993.88
Inspection Fees	5,860.23	76,021.00	75,561.11	6,320.12
Municipal Court - P.O.A.A.	702.41	60.00	-	762.41
Payroll Deductions	30,041.64	3,888,126.53	3,865,270.80	52,897.37
Developers' Escrow	777,092.74	232,979.35	457,942.74	552,129.35
Environmental Trust	7,766.37	-	-	7,766.37
Open Space	88,482.54	100,000.00	16,133.91	172,348.63
Sidewalk Repair	81,460.98	-	43,951.20	37,509.78
Recycling	2,517.07	3,141.10	1,621.18	4,036.99
Rhododendron Garden	1,234.86	1,975.00	543.35	2,666.51
Law Enforcement Forfeiture Fund	2,075.51	15.62	-	2,091.13
Recreation	589.95	-	-	589.95
Uniform Fire Safety Act	8,983.07	997.95	2,148.94	7,832.08
Council of Two River Mayors	609.76	550.00	79.09	1,080.67
Alliance on Alcoholism	3,401.33	-	-	3,401.33
Traffic Calming Project	101,873.25	9,422.25	34,505.50	76,790.00
Public Defender	2,676.02	3,577.51	476.29	5,777.24
Accumulated Sick and Vacation	28.60	30,000.00	-	30,028.60
Affordable Housing Trust	79,892.28	598.92	1,020.58	79,470.62
	<u>\$ 1,350,445.17</u>	<u>\$ 4,460,902.55</u>	<u>\$ 4,576,654.69</u>	<u>\$ 1,234,693.03</u>
<u>Reference</u>	B	1-B	1-B	B



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

STATEMENT OF INVESTMENTS

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	B		\$ 364,371.97
Increased By:			
Borough Contributions	8-B	\$ 47,150.00	
Earnings on Investments	8-B	70,768.99	
Adjustments	8-B	20.81	
Interest on Investments	8-B	<u>1,951.12</u>	
			<u>119,890.92</u>
			484,262.89
Decreased By:			
Distributions	8-B	5,750.00	
Loss on Investments	8-B	<u>927.77</u>	
			<u>6,677.77</u>
Balance, December 31, 2013	B		<u><u>\$ 477,585.12</u></u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")

STATEMENT OF MISCELLANEOUS RESERVES

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	B		\$ 364,371.97
Increased By:			
Borough Contributions	7-B	\$ 47,150.00	
Earnings on Investments	7-B	70,768.99	
Adjustments	7-B	20.81	
Interest on Investments	7-B	<u>1,951.12</u>	
			<u>119,890.92</u>
			484,262.89
Decreased By:			
Distributions	7-B	5,750.00	
Loss on Investments	7-B	<u>927.77</u>	
			<u>6,677.77</u>
Balance, December 31, 2013	B		<u>\$ 477,585.12</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL FUND

STATEMENT OF DUE TO BOROUGH OF RED BANK

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	B	\$ 4,627.33
Increased By:		
Reserve for Expenditures	2-B	<u>5,335.82</u>
Decreased By:		
Cash Disbursements	1-B	<u>4,932.55</u>
Balance, December 31, 2013	B	<u><u>\$ 5,030.60</u></u>

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GENERAL CAPITAL FUND

STATEMENTS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## STATEMENT OF CASH - TREASURER

Year ended December 31, 2013

	<u>Reference</u>		
Balance, December 31, 2012	C		\$ 229,512.71
Increased By Receipts:			
Premium on BAN's	C-1	\$ 3,284.65	
Deferred Charges Unfunded	5-C	28,105.06	
Reserve for Green Acres	3-C	0.01	
Reserve for Insurance Proceeds	12-C	31,499.00	
Bond Anticipation Notes	11-C	886,857.00	
Capital Improvement Fund:			
Budget Appropriations	8-C	<u>100,000.00</u>	
			<u>1,049,745.72</u>
			1,279,258.43
Decreased By Disbursements:			
Bond Anticipation Notes	11-C	879,733.00	
Improvement Authorizations	7-C	<u>316,344.39</u>	
Balance, December 31, 2013	C		<u>\$ 83,181.04</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF ANALYSIS OF GENERAL CAPITAL CASH

Year ended December 31, 2013

	Balance December 31, <u>2013</u>
Capital Improvement Fund	\$ 25,587.44
Fund Balance	4,848.94
Reserve for Green Arces Trust	0.14
Encumbrances Payable	59,007.31

<u>Ordinance Number</u>	<u>Improvement Description</u>	
915	Improvements To DPW Complex	3,018.80
945	Fire Equipment	(34.56)
952	Police Equipment	130.40
956	Impts To Blade Run	21,760.68
963	First Aid Equipment	6,465.40
964	Development of Municipal Complex	2,013.98
965	DPW Equipment	872.84
984	Purchase of DPW Equipment	481.00
994	Improvements To Patterson Ave	(5,172.75)
995	Improvements To Various Roads	83,144.00
996	Purchase of Fire Equipment	(123,485.95)
997	Purchas of Police Equipment	(23,456.63)
998	Improvements To Sycamore Ave Sidewalks	<u>28,000.00</u>
		<u>\$ 83,181.04</u>

Reference

C



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF RESERVE FOR GREEN ACRES

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 0.13
Increased By:		
Cash Receipts	1-C	<u>0.01</u>
Balance, December 31, 2013 & 2012	C	<u>\$ 0.14</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 4,566,000.00
Decreased By:		
Serial Bonds Paid By Budget	6-C	<u>447,000.00</u>
Balance, December 31, 2013	C	<u>\$ 4,119,000.00</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Year ended December 31, 2013

Ordinance Number	Improvement Description	Balance December 31, 2012	Increased By 2013 Authorizations	Decreased	Balance December 31, 2013	Analysis of Balance		
						Bond Anticipation Notes	Unexpended Improvement Authorizations	Expenditures
915	Improvements To DPW Complex	\$ 75,000.00	\$ -	\$ -	\$ 75,000.00	\$ -	\$ 75,000.00	\$ -
945	Fire Equipment	34.56	-	-	34.56	-	-	34.56
946	First Aid Equipment	4,531.16	-	1,979.06	2,552.10	-	2,552.10	-
956	IMPS TO Blades Run	190,000.00	-	-	190,000.00	190,000.00	-	-
960	Police Equipment	34,200.00	-	11,255.00	22,945.00	22,945.00	-	-
966	Acquisition of Fire Apparatus	562,233.00	-	-	562,233.00	562,233.00	-	-
983	Purchase of Fire Equip	65,750.00	-	7,730.00	58,020.00	58,020.00	-	-
984	Purchase of DPW Equip	11,400.00	-	-	11,400.00	11,400.00	-	-
985	Purchase of Police Equip	16,150.00	-	7,141.00	9,009.00	9,009.00	-	-
994	Improvements to Patterson Ave	-	380,000.00	-	380,000.00	-	374,827.25	5,172.75
996	Purchase of Fire Equip	-	123,500.00	-	123,500.00	-	14.05	123,485.95
997	Acquisition of Police Equipment	-	28,500.00	-	28,500.00	-	5,043.37	23,456.63
998	Sycamore Ave Sidewalks	-	33,250.00	-	33,250.00	33,250.00	-	-
		<u>\$ 959,298.72</u>	<u>\$ 565,250.00</u>	<u>\$ 28,105.06</u>	<u>\$ 1,496,443.66</u>	<u>\$ 886,857.00</u>	<u>\$ 457,436.77</u>	<u>\$ 152,149.89</u>

Reference

C 7-C,9-C

I-C

I-C

11-C

C

5-C

Unfunded

7-C

\$ 507,678.45

956

Improvements to Blade Run

21,760.68

984

Purchase of DPW Equipment

481.00

998

Improvements to Sycamore Ave Sidewalks

28,000.00

\$ 457,436.77

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF GENERAL SERIAL BONDS

Year ended December 31, 2013

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased	Balance December 31, 2013
	Date	Amount	Date	Amount				
Refunding Bonds	03/08/07	\$ 3,067,000.00	12/01/14	\$ 320,000.00	5.000%			
			12/01/15	336,000.00	5.000%			
			12/01/16	353,000.00	5.000%			
			12/01/17	383,000.00	5.000%			
			12/01/18	214,000.00	5.000%			
			12/01/19	217,000.00	5.000%			
			12/01/20	218,000.00	4.000%			
			12/01/21	217,000.00	4.000%	\$ 2,565,000.00	\$ 307,000.00	\$ 2,258,000.00
Government Loan Revenue Bonds	12/04/08	2,636,000.00	12/01/14	140,000.00	5.000%			
			12/01/15	145,000.00	5.000%			
			12/01/16	150,000.00	4.000%			
			12/01/17	140,000.00	4.000%			
			12/01/18	222,000.00	5.250%			
			12/01/19	242,000.00	4.500%			
			12/01/20	262,000.00	4.500%			
			12/01/21	280,000.00	5.000%			
			12/01/22	280,000.00	5.250%	2,001,000.00	140,000.00	1,861,000.00
					\$ 4,566,000.00	\$ 447,000.00	\$ 4,119,000.00	

Reference

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4-C

C



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## STATEMENT OF CAPITAL IMPROVEMENT FUND

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 23,838.44
Increased By:		
2013 Budget Appropriations	1-C	<u>100,000.00</u>
		123,838.44
Decreased By:		
Improvement Authorizations	7-C	<u>98,251.00</u>
Balance, December 31, 2013	C	<u><u>\$ 25,587.44</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Year ended December 31, 2013

Ordinance Number	Improvement Description	Balance December 31, 2012	Increased	Decreased	BAN's Issued	Balance December 31, 2013	Reference
915	Improvements To DPW Complex	\$ 75,000.00	\$ -	\$ -	-	\$ 75,000.00	
945	Fire Equipment	34.56	-	-	-	34.56	
946	First Aid Equipment	4,531.16	-	1,979.06	-	2,552.10	
994	Improvements to Patterson Ave	-	380,000.00	-	-	380,000.00	
996	Purchase of Fire Equipment	-	123,500.00	-	-	123,500.00	
997	Purchase of Police Equipment	-	28,500.00	-	-	28,500.00	
998	Improvement To Sycamore Sidewalks	-	33,250.00	-	33,250.00	-	
		<u>\$ 79,565.72</u>	<u>\$ 565,250.00</u>	<u>\$ 1,979.06</u>	<u>\$ 33,250.00</u>	<u>\$ 609,586.66</u>	9-C 5-C 5-C 9-C

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF ENCUMBRANCES PAYABLE

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ 36,958.50
Increased By:		
Improvement Authorizations	7-C	<u>59,007.31</u>
		95,965.81
Decreased By:		
Improvement Authorizations	7-C	<u>36,958.50</u>
Balance, December 31, 2013	C	<u><u>\$ 59,007.31</u></u>



BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF BOND ANTICIPATION NOTES

Year ended December 31, 2013

<u>Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
956	Improvements to Blade Run	12/21/12	12/20/13	12/19/14	1.50%	\$ 190,000.00	\$ 190,000.00	\$ 190,000.00	\$ 190,000.00
960	Acquisition of Police Equipment	12/21/12	12/20/13	12/19/14	1.50%	34,200.00	22,945.00	34,200.00	22,945.00
966	Acquisition of Fire Apparatus	12/21/12	12/20/13	12/19/14	1.50%	562,233.00	562,233.00	562,233.00	562,233.00
983	Purchase of Fire Equipment	12/21/12	12/20/13	12/19/14	1.50%	65,750.00	58,020.00	65,750.00	58,020.00
984	Purchase of DPW Equipment	12/21/12	12/20/13	12/19/14	1.50%	11,400.00	11,400.00	11,400.00	11,400.00
985	Purchase of Police Equipment	12/21/12	12/20/13	12/19/14	1.50%	16,150.00	9,009.00	16,150.00	9,009.00
998	Sycamore Avenue Sidewalks	12/20/13	12/20/13	12/19/14	1.50%	-	33,250.00	-	33,250.00
						<u>\$ 879,733.00</u>	<u>\$ 886,857.00</u>	<u>\$ 879,733.00</u>	<u>\$ 886,857.00</u>
					<u>Reference</u>	C	1-C, 9-C	5-C	C

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

## GENERAL CAPITAL FUND

## STATEMENT OF RESERVE FOR INSURANCE PROCEEDS

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	C	\$ -
Increased By:		
Cash Receipts	1-C	<u>31,499.00</u>
		31,499.00
Decreased By:		
Improvement Authorizations	7-C	<u>31,499.00</u>
Balance, December 31, 2013	C	<u><u>\$ -</u></u>

PUBLIC ASSISTANCE FUND

STATEMENTS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

STATEMENT OF CASH - TREASURER

Year ended December 31, 2013

	<u>Reference</u>	<u>P.A.T.F. Account I (75%)</u>	<u>P.A.T.F. Account II (100%)</u>	<u>Fund Total</u>
Balance, December 31, 2012	D	\$ 4,596.26	\$ 9,331.98	\$ 13,928.24
Increased By:				
Account Adjustment	1-D	<u>140.00</u>	<u>-</u>	<u>140.00</u>
		4,736.26	9,331.98	14,068.24
Decreased By:				
Account Adjustment	1-D	-	140.00	140.00
Maintenance Payment	2-D	<u>-</u>	<u>1,479.00</u>	<u>1,479.00</u>
Balance, December 31, 2013	D	<u>\$ 4,736.26</u>	<u>\$ 7,712.98</u>	<u>\$ 12,449.24</u>

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND  
STATEMENT OF RESERVE FOR EXPENDITURES

Year ended December 31, 2013

	<u>Reference</u>	
Balance, December 31, 2012	D	\$ 13,928.24
Decreased By:		
Maintenance Payment	1-D	<u>1,479.00</u>
Balance, December 31, 2013	D	<u><u>\$ 12,449.24</u></u>

BOROUGH OF SHREWSBURY  
 COUNTY OF MONMOUTH, NEW JERSEY

PUBLIC ASSISTANCE FUND

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

December 31, 2013 to January 31, 2014

	<u>Reference</u>			
Balance, January 31, 2014 and December 31, 2013	D			<u>\$ 12,449.24</u>
 <u>Reconciliation - January 31, 2014</u>				
		P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance on Deposit Per Statement of Rumson-Fair Haven Bank:				
Account #312000136		\$ 4,736.26	\$ -	\$ 4,736.26
Account #312000144		<u>-</u>	<u>7,712.98</u>	<u>7,712.98</u>
Balance, January 31, 2014		<u>\$ 4,736.26</u>	<u>\$ 7,712.98</u>	<u>\$ 12,449.24</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF GENERAL FIXED ASSETS

Year ended December 31, 2013

	December 31, <u>2012</u>	<u>Additions</u>	December 31, <u>2013</u>
General Fixed Assets:			
Land	\$ 2,467,076.00	\$ -	\$ 2,467,076.00
Buildings	4,741,553.33	-	4,741,553.33
Machinery and Equipment	<u>5,280,207.97</u>	<u>235,460.29</u>	<u>5,515,668.26</u>
Total General Fixed Assets	<u>\$ 12,488,837.30</u>	<u>\$ 235,460.29</u>	<u>\$ 12,724,297.59</u>
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COMMENTS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

An audit of the financial accounts and transactions of the Borough of Shrewsbury, County of Monmouth, New Jersey ("Borough") for the year ended December 31, 2013, has recently been completed. The results of the audit are herewith set forth.

Scope of Audit

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

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed.

Investments were verified by physical inspection, or by independent certifications obtained directly from the depositories.

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

Revenues and receipts were verified as to source and amount insofar as the records permitted.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Therefore, our audit included the procedures noted above as well as tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent, for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold (40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder".

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 bid threshold within the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion shall be sought before a commitment is made.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

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

The minutes indicate that bids were requested by public advertising for the following items:

Self-Contained Breathing Apparatus  
Custom Chassis Pumper Fire Apparatus  
Commercial Chassis Rescue Apparatus  
Real Property Data Collection

The system of records did not provide for an accumulation of payments by categories of materials or supplies, or related work or labor. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing of labor materials and supplies or the hiring of teams or vehicles", other than 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.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 7, 2013 adopted a resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Council of the Borough of Shrewsbury that a ten-day grace period be allowed on the payment of taxes due quarterly on the first days of February, May, August and November after which times all taxes amounting up to \$1,500.00 shall be subject to interest at the rate of eight (8) percent per annum and all taxes amounting to more than \$1,500.00 shall be subject to interest at the rate of eighteen (18) percent per annum.

BE IT RESOLVED if the tenth day falls on a holiday or weekend the grace period shall be extended to the next business day.

BE IT FURTHER RESOLVED that an additional penalty of six (6) percent will be collected against a delinquency in excess of \$10,000.00 on properties that fail to pay the delinquency prior to the end of the calendar year.

BE IT FURTHER RESOLVED that a certified copy of this resolution be forwarded to the Chief Financial Officer.



BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

Tax Sale

The last tax sale was held on December 13, 2013 and was complete.

Inspection of 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:

<u>Year</u>	<u>Number of Liens</u>
2013	2
2012	2
2011	2

Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payment was made in accordance with the regulations of the Division of Local Government Services. We audited subsequent and current cash collections as an alternative procedure when possible.

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

Comparative Statement of Operations  
and Changes in Fund Balance - Current Fund

	2013		2012	
	Amount	Percent	Amount	Percent
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 897,062.97	3.63 %	\$ 1,220,000.00	5.07 %
Miscellaneous - From Other Than Local Property Tax Levies	1,891,200.13	7.65	1,547,317.48	6.43
Collection of Delinquent Taxes and Tax Title Liens	317,683.90	1.29	296,632.77	1.23
Collection of Current Tax Levy	21,611,159.46	87.43	21,002,195.91	87.27
Total Revenues	24,717,106.46	100.00 %	24,066,146.16	100.00 %
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	8,504,491.07	35.68 %	8,549,092.54	37.08 %
County Taxes	3,084,570.30	12.94	3,066,290.31	13.30
Local and Regional School Taxes	12,142,844.83	50.95	11,357,703.35	49.26
Municipal Open Space Tax	100,000.00	0.42	79,026.83	0.34
Other Expenditures	1,647.11	0.01	2,794.36	0.01
Total Expenditures	23,833,553.31	100.00 %	23,054,907.39	100.00 %
Excess in Revenue	883,553.15		1,011,238.77	
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	30,000.00		123,000.00	
Statutory Excess To Fund Balance	913,553.15		1,134,238.77	
Fund Balance, January 1	1,181,553.96		1,267,315.19	
	2,095,107.11		2,401,553.96	
Decreased By:				
Utilized as Anticipated Revenue	897,062.97		1,220,000.00	
Fund Balance, December 31	\$ 1,198,044.14		\$ 1,181,553.96	

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 2.168	2.694	2.709

Apportionment of Tax Rate

Municipal	0.639	0.809	0.792
County	0.307	0.387	0.396
Local School	0.749	0.934	0.920
Regional High School	0.463	0.554	0.591
Municipal Open Space	0.010	0.010	0.010

Assessed Valuations

2013	\$ 1,001,423,693.00		
2012		\$ 790,268,280.00	
2011			\$ 791,587,495.00

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 tax levies.

<u>Year</u>	<u>Tax Levy</u>		<u>Cash Collections</u>	<u>Currently</u>	<u>Percentage of Collections</u>
2013	\$ 21,818,444.70	\$	21,611,159.46		99.27 %
2012	21,365,310.34		21,002,195.91		98.30
2011	21,468,175.44		21,000,612.48		97.82

Delinquent Taxes and Tax Title Items

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</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	\$ 556.81	\$	243,645.90	\$	244,202.71	1.12 %
2012	548.13		317,683.90		318,232.03	1.49
2011	537.35		296,632.77		297,170.12	1.38

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance</u> <u>December 31,</u>	<u>Utilized in</u> <u>Budget of</u> <u>Succeeding Year</u>
2013	\$ 1,198,044.14	\$ 1,100,000.00
2012	1,181,553.96	900,000.00
2011	1,267,315.19	1,220,000.00
2010	897,605.97	800,000.00
2009	595,776.56	1,100,000.00

BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

COMMENTS

Year ended December 31, 2013

Officials in Office and Surety Bonds

<u>Name</u>	<u>Title</u>
Donald Burden	Mayor
Jeff DeSalvo	Councilman
Michael DeNofa	Councilman
Peter Meyer	Councilman
Anthony Pellegrino	Councilman
William Dodge	Councilman
Thomas Menapace	Councilman
Bonnie Brookes	Deputy Clerk
Kathy Krueger	Borough Clerk/Registrar/Assessment Searcher
Thomas X. Seaman	CFO, Tax Collector/Borough Administrator
Kyle Butler	Deputy Tax Collector
James E. Berube, Jr.	Judge
Sydney Lineberry	Municipal Court Administrator
Susan Milnes (01/01/13-09/20/13)	Deputy Court Administrator
Megan Thomas (12/16/2013-12/31/13)	Deputy Court Administrator
Cary Costa	Construction Code Official
Barbara Miceli	Director of Welfare
Martin M. Barger	Attorney
Stephen Walters	Assessor
Cranmer Engineering, PA	Engineer
Lorraine Kelleher	Planning/Zoning Officer

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

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

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

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INTERNAL CONTROL SECTION

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HOLMAN | FRENIA  
ALLISON, P.C.

Certified Public Accountants & Consultants

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Shrewsbury, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Borough of Shrewsbury (herein referred to as "the Municipality"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated April 29, 2014, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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



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

Freehold, New Jersey  
April 29, 2014

COMMENTS AND RECOMMENDATIONS

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BOROUGH OF SHREWSBURY  
COUNTY OF MONMOUTH, NEW JERSEY

Year ended December 31, 2013

Other Matters

None noted.

