

**BOROUGH OF SOUTH RIVER  
COUNTY OF MIDDLESEX  
NEW JERSEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

***HODULIK & MORRISON, P.A.***  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY**

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**INTRODUCTORY SECTION**

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY  
NEW JERSEY  
08882-1247**



August 15, 2014

Honorable Mayor and Members  
of the Borough Council  
Borough of South River  
County of Middlesex, New Jersey

The Comprehensive Annual Financial Report for the Borough of South River, County of Middlesex, State of New Jersey, for the year ended December 31, 2013 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of South River as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (5) sections: Introductory, Financial, Statistical, Single Audit and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. The Single Audit Section includes the auditor's report on the internal control structure and compliance with applicable laws and regulation, the schedule of expenditures of Federal financial assistance and findings and recommendations. The fifth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosure's, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Hodulik & Morrison, Certified Public Accountant, Registered Municipal Accountant of Highland Park, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## PRESENT AND FUTURE CHALLENGES

### Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$16,528,777.31 exclusive of fund balance and total expenditures of \$16,797,921.49 and a Fund Balance decrease of \$282,327.98 as of December 31, 2013. The following schedule summarizes revenues and expenses for 2013 and 2012.

	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 1,482,773.56	\$ 1,126,612.64	\$ 356,160.92	31.61 %
Real Estate Taxes	8,215,900.89	8,369,973.55	(154,072.66)	(1.84)
Delinquent Tax Receipts	633,863.95	569,445.37	64,418.58	11.31
Miscellaneous Anticipated Revenues	5,583,430.41	5,317,543.61	265,886.80	5.00
Federal and State Grants	218,240.92	161,967.22	56,273.70	34.74
Intergovernmental Revenue	825,290.68	825,291.00	(0.32)	(0.00)
Other Credits to Income	657,331.18	743,127.17	(85,795.99)	(11.55)
Non-Budget Revenue	<u>394,719.28</u>	<u>284,069.83</u>	<u>110,649.45</u>	<u>38.95</u>
	<u>\$ 18,011,550.87</u>	<u>\$ 17,398,030.39</u>	<u>\$ 613,520.48</u>	<u>3.53 %</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

**Current Fund (Continued)**

The increase in budgetary expenditures in 2013 over 2012 was as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 756,100.00	\$ 754,800.00	\$ 1,300.00	0.17 %
Public Safety	4,596,500.00	4,446,570.00	149,930.00	3.37
Public Works	2,095,500.00	2,217,800.00	(122,300.00)	(5.51)
Utility Expense and Bulk Purchases	411,000.00	791,500.00	(380,500.00)	(48.07)
Land Use	42,205.00	45,705.00	(3,500.00)	(7.66)
Sanitary Landfill	515,000.00	545,000.00	(30,000.00)	(5.50)
Insurance	1,825,052.00	1,677,500.00	147,552.00	8.80
Health and Human Services	243,036.00	261,036.00	(18,000.00)	(6.90)
Parks and Recreation	375,750.00	430,800.00	(55,050.00)	(12.78)
Education - Library	449,822.36	480,577.70	(30,755.34)	(6.40)
Deferred Charges and Statutory Expenditures	1,395,338.00	1,258,433.00	136,905.00	10.88
Grants	222,040.92	166,967.22	55,073.70	32.98
Capital Improvements	150,000.00	75,000.00	75,000.00	100.00
Debt Service	1,836,126.00	1,684,043.00	152,083.00	9.03
Sewer	1,096,715.92	1,157,862.00	(61,146.08)	(5.28)
Contingent	500.00	500.00	0.00	0.00
Reserve for Uncollected Taxes	787,235.29	767,592.62	19,642.67	2.56
	<u>\$ 16,797,921.49</u>	<u>\$ 16,761,686.54</u>	<u>\$ 36,234.95</u>	<u>0.22 %</u>

The Borough operates Electric, Parking and Water Utilities. These utilities are budgetary entities that allow for the segregation of the revenue and expenses of the utilities. The utilities are under the operational control of the Mayor and Council.

### Electric Utility Fund

The Electric Utility serves the entire Borough, which encompasses approximately 6,500 accounts. Revenues in 2013 exclusive of fund balance utilized were \$14,267,335.22 and expenditures exclusive of the transfer to the general fund budget were \$11,715,055.00. Fund Balance decreased by \$1,004,090.78. The Electric Utility debt was considered to be self-liquidating for 2013, and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenue and expenses for 2013 and 2012.

Fund Balance Utilized	\$ 3,556,371.00	\$ 3,556,371.00	\$ 0.00	0.00 %
Electric Charges	13,124,979.95	13,317,858.26	(192,878.31)	(1.45) %
Miscellaneous Revenues	4,400.00	8,700.00	(4,300.00)	(49.43)
Other Credits to Income	1,137,955.27	2,183,596.56	(1,045,641.29)	(47.89)
	<u>\$ 17,823,706.22</u>	<u>\$ 19,066,525.82</u>	<u>\$ (1,242,819.60)</u>	<u>(6.52) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 10,540,000.00	\$ 10,035,000.00	\$ 505,000.00	5.03 %
Capital Improvements	20,000.00	205,000.00	(185,000.00)	(90.24)
Debt Service	873,793.00	843,414.00	30,379.00	3.60
Deferred Charges	281,262.00	259,605.00	21,657.00	8.34
Surplus (General Budget)	3,556,371.00	3,556,371.00	0.00	0.00
	<u>\$ 15,271,426.00</u>	<u>\$ 14,899,390.00</u>	<u>\$ 372,036.00</u>	<u>2.50 %</u>

### Parking Utility Fund

The Borough dissolved its Parking Authority in the latter part of 2011 and created a utility operating fund to meet the parking needs of the downtown area, which has 141 street slots and 69 parking lot spot permits. Revenues in 2013 exclusive of fund balance utilized were \$50,850.52 and expenditures were \$47,500.00. Fund Balance increased \$3,350.52. The following schedule summarizes revenue and expenses for 2013 and 2012.

	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 12,500.00	\$ 28,500.00	\$ (16,000.00)	(56.14) %
Parking Permit fees	47,409.30	47,862.72	(453.42)	(0.95) %
Other Credits to Income	3,441.22	7,647.10	(4,205.88)	(55.00)
	<u>\$ 63,350.52</u>	<u>\$ 84,009.82</u>	<u>\$ (4,659.30)</u>	<u>(5.55) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 28,000.00	\$ 27,000.00	\$ 1,000.00	3.70 %
Capital Improvements	15,000.00	15,000.00	0.00	0.00
Deferred Charges	4,500.00	4,500.00	0.00	0.00
	<u>\$ 47,500.00</u>	<u>\$ 46,500.00</u>	<u>\$ 1,000.00</u>	<u>2.15 %</u>

## Water Utility Fund

The Water Utility serves the entire Borough, which encompasses approximately 4,350 accounts. Revenues exclusive of fund balance were \$3,719,147.80 and expenditures were \$3,651,006.00. Fund Balance increased \$68,141.80. The Water Utility Fund was considered to be self-liquidating for 2013 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2013 and 2012.

<u>Revenues</u>	<u>2013</u>	<u>2012</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 489,886.00	\$ 416,855.00	\$ 73,031.00	17.52 %
Water Rents	3,446,430.81	3,259,039.32	187,391.49	5.75
Miscellaneous Revenues	11,120.00	21,775.00	(10,655.00)	NM
Other Credits to Income	261,596.99	312,640.45	(51,043.46)	(16.33)
	<u>\$ 4,209,033.80</u>	<u>\$ 4,010,309.77</u>	<u>\$ 198,724.03</u>	<u>4.96 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,745,000.00	\$ 2,599,000.00	\$ 146,000.00	5.62 %
Capital Improvements	190,000.00	165,000.00	25,000.00	15.15
Debt Service	540,498.00	665,199.00	(124,701.00)	(18.75)
Deferred Charges	175,508.00	155,431.00	20,077.00	12.92
	<u>\$ 3,651,006.00</u>	<u>\$ 3,584,630.00</u>	<u>\$ 66,376.00</u>	<u>1.85 %</u>

### MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough of South River encompasses 2.87 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings. The Borough has eleven apartment complexes and is densely populated. The Borough relies heavily on its Electric Utility and thus dramatic changes in the weather pattern effect the Borough's revenues dramatically.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

### PROSPECTS FOR THE FUTURE

The 2014 Municipal Budget as adopted reflects a rate of \$1.889, representing a slight increase from the prior year in the Local Purpose Tax Rate. The 2014 Budget as adopted will have an increase of \$153,460.14, or 2.00% compared to 2013 appropriations exclusive of the Library.

In 2014, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds. Initial plans for a Redevelopment program in the business district have advanced to the serious conceptual stage and a number of professionals have been consulted in this process.

## LOCAL ECONOMIC EVENTS

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, South River has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, South River is responsibly tending to the transportation needs of our citizens and visitors.
- Improvements to the Borough's parks and recreational facilities continue.
- Upgrade to various aspects of the Borough's water, electric and sewer system are in the implementation stage.
- Renovations and upgrades to the Borough's Free Public Library have begun. The Borough has been completed in 2013.
- Various equipments are being purchased for all departments in order to provide a better level of service to the residents.
- The radio communication project was completed in 2013.
- Improvements to the Human Resource Building and the Borough's Pump stations damaged by Hurricane Sandy has begun and completion is expected in 2014.
- Improvements to Kamm Avenue Section III funded by the NJDOT are projected to be completed in 2014.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- Curb and sidewalk improvements funded by the Housing and Community Development Grant funds have begun.

### CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2013, funds were invested in the PNC Account and in Certificates of Deposit of official depositories.

### DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$22,504,399.71 which represents 1.646% of its average equalized value. Debt Service appropriations for 2013 were \$3,250,417.00 for all Borough funds.

### RISK MANAGEMENT

The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the New Jersey State Health Benefits Program, as well as having dental and prescription plans with Blue Cross and Blue Shield of New Jersey.

### ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

Respectfully submitted,

Frederick C Carr

Frederick C. Carr  
Borough Administrator

Joseph Zanga

Joseph Zanga  
Chief Financial Officer



**BOROUGH OF SOUTH RIVER**  
**ROSTER OF OFFICIALS**  
**DECEMBER 31, 2013**

Governing Body

John M. Krenzel, Mayor  
Matthew Vaughn, Council President  
Peter Guindi, Councilman  
Shawn P. Haussermann, Councilman  
James Hutchison, Councilman  
James C. Jones, Councilman  
Thomas Roselli, Councilman

Other Officials

Frederick C. Carr, Business Administrator  
Patricia O'Connor, Borough Clerk  
Sheryl Nevin, Deputy Borough Clerk  
Deborah Jones, Registrar of Vital Statistics  
Joseph Zanga, Chief Financial Officer, Director of Finance  
Dawn Rodriguez, Deputy Chief Financial Officer  
Richard Dudas, Tax Collector, Tax Search Officer, Utility Collector  
Michael Frangella, Tax Assessor  
Tina Martins Cruz, Magistrate  
Cassandra Garrick, Court Administrator  
John S. Wisniewski, Prosecutor  
James P. Nolan & Associates, Borough Attorney  
David Samuel, Borough Engineer

**BOROUGH OF SOUTH RIVER**  
**CONSULTANTS AND ADVISORS**  
**DECEMBER 31, 2013**

**AUDIT FIRM**

Hodulik & Morrison, P.A.  
1102 Raritan Ave.  
P.O. Box 1450  
Highland Park, New Jersey 08904

**ATTORNEYS**

**GENERAL COUNSEL**

James P. Nolan & Associates  
61 Green Street  
Woodbridge, NJ 07095

**LABOR COUNSEL**

McManimon, Scotland and Baumann LLC  
75 Livingston Avenue, 2<sup>nd</sup> floor  
Roseland, NJ 07068

**BOND COUNSEL**

Wilentz, Goldman & Spitzer  
90 Woodbridge Center Drive, suite 300  
Woodbridge, NJ 07095

**OFFICIAL DEPOSITORIES**

Provident Bank  
6 Jackson Street  
South River, NJ 08882

Bank of America  
25 Main Street  
South River, New Jersey 08882

PNC Bank  
55 Main Street  
South River, NJ 08882

Columbia Savings Bank  
389 Route 18 South  
East Brunswick, NJ 08816

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY**



**PART I  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)  
(E-MAIL) admin@hm-pa.net

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of South River  
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the basic financial statements – regulatory basis of the various funds of the Borough of South River, County of Middlesex, New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 opinion.

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

As described in Note 1, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences 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 significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of South River, County of Middlesex, New Jersey, as of December 31, 2013, the changes in its financial position, and, where applicable, its cash flows for the year then ended.

### Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”)

The financial statements referred to above include the assets and liabilities of the Borough’s Length of Service Awards Program Plan (LOSAP), which by regulation, is subject to an accountant’s review report and is unaudited. The Length of Service Awards Program Plan is included in the Trust Fund. Due to the matter, based upon regulatory requirements, that were not engaged to audit the LOSAP financial statements as part of our audit of the Borough’s financial statements, we do not express an opinion on the LOSAP financial statements.

### Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of such adjustments, if any, as might have been determined had we audited the omitted Statement of Governmental Fixed Assets, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Borough of South River, County of Middlesex, New Jersey as of December 31, 2013 and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013, on the basis of accounting as described in Note 1.

### Other Matters

### Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of South River, County of Middlesex, New Jersey. The information included in the Introductory Section, Part II and Part III, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Borough of South River, County of Middlesex, New Jersey. The information included in Part II - the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and is also not a required part of the basic financial statements.

The Part II – Combining and Individual Fund Statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to 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 – regulatory basis taken as a whole.

The schedules and information contained in the Introductory Section and in Part III – Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated August 14, 2014 on our consideration of the Borough of South River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 South River's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants



Andrew G. Hodulik  
Registered Municipal Accountant  
No. 406

Highland Park, New Jersey  
August 14, 2014

**BASIC FINANCIAL STATEMENTS**

**BOROUGH OF SOUTH RIVER**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS**  
**DECEMBER 31, 2013**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012)**

	Governmental Funds		Trust Funds	Utilities *		Governmental Fixed Assets	Totals	
	Current	General Capital		Operating	Capital		(Memorandum Only)	2012
<b>ASSETS AND OTHER DEBITS</b>								
Cash and Cash Equivalents	\$ 3,454,673.08	\$ 1,978,357.75	\$ 3,156,368.49	\$ 6,762,647.29	\$ 2,613,024.61	\$ 17,967,071.22	\$ 19,873,979.33	577,058.48
Intergovernmental Accounts Receivable		723,188.61				723,188.61		
Receivables and Other Assets:								
Delinquent Property Taxes	633,792.42			1,696,992.14		633,792.42	603,257.04	
Consumer Accounts Receivable	297,573.52			38,963.21		1,696,992.14	2,076,089.00	
Liens Receivable				380,957.96		336,536.73	304,150.58	
Inventory						380,957.96	415,977.43	
Property Acquired for Taxes - Assessed	47,800.00					47,800.00	47,800.00	
Valuation	18,060.60		667.51	57,812.00		76,540.11	76,628.14	
Other Accounts Receivable		22,504,399.71				22,504,399.71	24,659,776.63	
Deferred Charges					33,827,646.13	33,827,646.13	33,794,905.53	
Fixed Capital						23,487,293.11	21,698,112.88	
Fixed Assets								
Grants Fund:								
Grants Receivable	137,217.51					137,217.51	80,036.75	
Interfund Receivable	165,940.29					165,940.29	168,686.40	
<b>Totals</b>	<b>\$ 4,755,067.42</b>	<b>\$ 25,205,946.07</b>	<b>\$ 3,159,036.00</b>	<b>\$ 8,937,372.60</b>	<b>\$ 36,440,670.74</b>	<b>\$ 23,487,293.11</b>	<b>\$ 101,985,375.94</b>	<b>\$ 104,316,458.19</b>

\* Electric, Water and Parking Utility

BOROUGH OF SOUTH RIVER  
**COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS**  
DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012)

	Governmental Funds		Trust Funds	Utilities *		Governmental Fixed Assets	Totals	
	Current	General Capital		Operating	Capital		2013	(Memorandum Only) 2012
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>								
Liabilities and Reserves:								
Appropriation Reserves	\$ 352,105.61		\$ 815,362.33		\$ 1,167,467.94	\$ 1,557,756.71		
Other Liabilities and Reserves	1,160,632.85	2,022,584.30	3,093,183.92	863,817.31	8,170,784.81	8,026,166.78		
Improvement Authorizations		4,717,742.52		3,262,428.87	7,980,171.39	10,372,884.50		
Accrued Interest on Bonds, Notes and Loans				43,234.21	43,234.21	47,410.43		
Interfunds Payable	165,940.29				165,940.29	168,686.40		
Serial Bonds		6,935,000.00		4,100,000.00	11,035,000.00	12,420,000.00		
Bond Anticipation Notes		10,756,000.00		4,740,000.00	15,496,000.00	15,037,000.00		
Loans Payable		329,508.33		1,692,218.97	2,021,727.30	2,348,136.00		
Reserve for Receivables and Other Assets	997,226.54	64,430.19	2,174,725.31		3,236,382.04	3,584,890.49		
Reserve for Amortization				20,150,837.16	20,150,837.16	18,955,025.97		
Deferred Reserve for Amortization				703,590.00	703,590.00	703,590.00		
Grant Fund:								
Reserve for Encumbrances	82,302.56				82,302.56	64,000.00		
Unappropriated/Appropriated Reserves	220,855.24				220,855.24	184,723.15		
<b>Total Liabilities and Reserves</b>	<b>\$ 2,979,063.09</b>	<b>\$ 24,825,265.34</b>	<b>\$ 3,093,183.92</b>	<b>\$ 4,063,888.28</b>	<b>\$ 35,512,892.31</b>	<b>\$ 70,474,292.94</b>	<b>\$ 73,470,270.43</b>	
Equity and Other Credits:								
Fund Balance	\$ 1,775,994.33	\$ 380,680.73	\$ 65,852.08	\$ 927,778.43	\$ 23,487,293.11	\$ 8,023,789.89	\$ 9,148,074.88	
Investment in Governmental Fixed Assets						23,487,293.11	21,698,112.88	
<b>Total Equity and Other Credits</b>	<b>\$ 1,775,994.33</b>	<b>\$ 380,680.73</b>	<b>\$ 65,852.08</b>	<b>\$ 927,778.43</b>	<b>\$ 23,487,293.11</b>	<b>\$ 31,511,083.00</b>	<b>\$ 30,846,187.76</b>	
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 4,755,057.42</b>	<b>\$ 25,205,946.07</b>	<b>\$ 3,159,036.00</b>	<b>\$ 8,997,372.60</b>	<b>\$ 36,440,670.74</b>	<b>\$ 101,985,375.94</b>	<b>\$ 104,316,458.19</b>	

\* Electric, Water and Parking Utility

See Notes to Financial Statements.

**BOROUGH OF SOUTH RIVER**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	Current Fund		Variance Favorable/ (Unfavorable)	Utility Operating Funds *		Variance Favorable/ (Unfavorable)
	Final Budget	Actual		Final Budget	Actual	
Revenues:						
Fund Balance Anticipated	\$ 1,482,773.56	\$ 1,482,773.56		\$ 4,058,757.00	\$ 4,058,757.00	
Rents	5,576,692.79	5,583,430.41	\$ 6,737.62	14,895,655.00	16,618,820.06	\$ 1,723,165.06
Miscellaneous Revenues	825,291.00	825,290.68	(0.32)	15,520.00	15,520.00	
State Aid	218,240.92	218,240.92				
Grants						
	\$ 8,102,998.27	\$ 8,109,735.57	\$ 6,737.30	\$ 18,969,932.00	\$ 20,693,097.06	\$ 1,723,165.06
Receipts from Delinquent Taxes Amount to be Raised by Taxes for Support of Municipal Budget:	575,000.00	633,863.95	58,863.95			
Local Tax for Municipal Purposes	7,670,100.86	7,766,078.53	95,977.67			
Including Reserve for Uncollected Taxes	449,822.36	449,822.36				
Library Tax						
Budget Totals	\$ 16,797,921.49	\$ 16,959,500.41	\$ 161,578.92	\$ 18,969,932.00	\$ 20,693,097.06	\$ 1,723,165.06
Non-budget Revenues		394,719.28	394,719.28		407,462.50	407,462.50
Other Credits to Income		657,331.18	657,331.18		995,530.98	995,530.98
Taxes Allocated to School and County	20,464,702.20	20,464,702.20				
Total Revenues	\$ 37,262,623.69	\$ 38,476,253.07	\$ 1,213,629.38	\$ 18,969,932.00	\$ 22,096,090.54	\$ 3,126,158.54

\* Electric, Water and Parking Utility

See Notes to Financial Statements.

**BOROUGH OF SOUTH RIVER**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	Current Fund		Utility Operating Funds *		Variance Favorable/ (Unfavorable)
	Final Budget	Actual	Final Budget	Actual	
Expenditures:					
Current:					
Within "CAPS":					
General Government	\$ 756,100.00	\$ 756,100.00			
Public Safety	4,471,500.00	4,471,500.00			
Public Works	1,905,500.00	1,905,500.00			
Health and Human Services	243,036.00	243,036.00			
Utility Expense and Bulk Purchases	411,000.00	411,000.00			
Sanitary Landfill	515,000.00	515,000.00			
Land Use	42,205.00	42,205.00			
Insurance	1,756,672.00	1,756,672.00			
Parks and Recreation	375,750.00	375,750.00			
Contingent	500.00	500.00			
Deferred Charges and Statutory Expenditures	1,305,338.00	1,305,338.00			
Excluded from "CAPS":					
Public Safety	125,000.00	125,000.00			
Public Works	190,000.00	190,000.00			
Education - Library	449,822.36	449,822.36			
Sewer	1,096,715.92	1,096,715.92			
Insurance	68,380.00	68,380.00			
Grants	222,040.92	222,040.92			
Operating - Utility			\$ 13,313,000.00	\$ 13,313,000.00	
Deferred Charges and Statutory Expenditures	90,000.00	90,000.00	461,270.00	461,270.00	
Capital Improvements	150,000.00	150,000.00	225,000.00	225,000.00	
Debt Service	1,836,126.00	1,836,126.00	1,414,291.00	1,414,291.00	
Budget - Anticipated Surplus to Current Reserve for Uncollected Taxes			3,556,371.00	3,556,371.00	
Total Budget Expenditures	\$ 16,797,921.49	\$ 16,797,921.49	\$ 18,969,932.00	\$ 18,969,932.00	

\* Electric, Water and Parking Utility

See Notes to Financial Statements.

**BOROUGH OF SOUTH RIVER**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

	Current Fund		Variance Favorable/ (Unfavorable)	Utility Operating Funds *		Variance Favorable/ (Unfavorable)
	Final Budget	Actual		Final Budget	Actual	
Expenditures (Continued):						
County and School Taxes	\$ 20,464,702.20	\$ 20,464,702.20				
Other Expenses		13,183.80	\$ (13,183.80)			
Total Expenditures	\$ 37,262,623.69	\$ 37,275,807.49	\$ (13,183.80)	\$ 18,969,932.00	\$ 18,969,932.00	
Excess in Revenues over Expenditures		\$ 1,200,445.58	\$ 1,200,445.58		\$ 3,126,158.54	\$ 3,126,158.54
Statutory Excess to Fund Balance		\$ 1,200,445.58	\$ 1,200,445.58		\$ 3,126,158.54	\$ 3,126,158.54
Fund Balance, January 1, 2013		\$ 2,058,322.31	\$ 2,058,322.31		\$ 5,806,082.78	\$ 5,806,082.78
		\$ 3,258,767.89	\$ 3,258,767.89		\$ 8,932,241.32	\$ 8,932,241.32
Decreased by:						
Utilization as Anticipated Revenue		\$ 1,482,773.56	\$ 1,482,773.56		\$ 4,058,757.00	\$ 4,058,757.00
Transferred to Current Fund as Anticipated Revenue		\$ 1,482,773.56	\$ 1,482,773.56		\$ 4,058,757.00	\$ 4,058,757.00
Fund Balance, December 31, 2013		\$ 1,775,994.33	\$ 1,775,994.33		\$ 4,873,484.32	\$ 4,873,484.32

\* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER  
TRUST OTHER FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Trust Other Fund #1</u>	<u>Trust Other Fund #2</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2012</u>	\$ 1,570.23	\$ 104,281.85	\$ 105,852.08
<u>DECREASED BY</u>			
Transferred to Current Fund as Anticipated Revenue		<u>40,000.00</u>	<u>40,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 1,570.23</u>	<u>\$ 64,281.85</u>	<u>\$ 65,852.08</u>

**BOROUGH OF SOUTH RIVER**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE - REGULATORY BASIS**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	362,812.91
 <u>INCREASED BY</u>		
Cancellation of Funded Improvement Authorizations		72,307.07
Premium on Sale of Bond Anticipation Notes		<u>80,560.75</u>
	\$	515,680.73
 <u>DECREASED BY</u>		
Transferred to Current Fund as Anticipated Revenue		<u>135,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u><u>380,680.73</u></u>

See Notes to Financial Statements.

**BOROUGH OF SOUTH RIVER  
UTILITY CAPITAL FUNDS  
COMBINED STATEMENT OF FUND BALANCE - REGULATORY BASIS**

	<u>Electric Utility</u>	<u>Parking Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2012</u>	\$ 660,386.17	\$ 14,179.99	\$ 140,438.64	\$ 815,004.80
<u>INCREASED BY</u>				
Cancellation of Funded Improvement Authorizations	54,371.00		38,418.34	92,789.34
Premium on Sale of Bond Anticipation Notes	<u>8,484.35</u>		<u>27,019.94</u>	<u>35,504.29</u>
	\$ 723,241.52	\$ 14,179.99	\$ 205,876.92	\$ 943,298.43
<u>DECREASED BY</u>				
Transferred to Operating Fund as Anticipated Revenue	<u>4,400.00</u>		<u>11,120.00</u>	<u>15,520.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 718,841.52</u>	<u>\$ 14,179.99</u>	<u>\$ 194,756.92</u>	<u>\$ 927,778.43</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of South River is located in Middlesex County, just outside the City of New Brunswick and approximately 35 miles south of New York City. The population, according to the 2010 census, is 16,008.

The Borough of South River operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

The financial statements do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are on the regulatory basis which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and an account which differs from GAAP.

Current Fund – Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal, State, County and Local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund – The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in the Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund, Electric Consumer Deposits, Tax Title Lien Premiums/Redemption, Unemployment, and the Length of Service Awards Plan ("LOSAP") and other required funds.

General Capital Fund – The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired through the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

B. Description of Funds (Cont'd.)

Utilities Funds – Water, Parking and Electric Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenues, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library – The municipal library levy through budget appropriations and state aid are transferred to the Free Public Library Trust Fund account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended there from. The Library is the subject of a separate report.

Payroll Trust Fund – Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly there from. A Payroll Fund does not exist under GAAP.

C. Basis of Accounting

Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they became susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue – Federal, State, County and Local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the borough of South River's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures – Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budget transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Budget Appropriations for Interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

## NOTES TO FINANCIAL STATEMENTS

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

Encumbrances – As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

Compensated Absences – Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes – Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable – Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the Water and Electric Utility Operating Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

#### Fixed Assets

General – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Divisions of Local Government Services, which differs in certain respects from GAAP, the Borough of South River has developed a fixed asset accounting and reporting system.

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

## C. Basis of Accounting (Cont'd.)

Fixed Assets (Cont'd.)

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

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

Acquisition of land, buildings machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at the time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities – Capital acquisitions, including utility infrastructure costs of the Water, Parking and Electric Utilities, are recorded at the cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under sections 457(e)11 of the Internal Revenue Code". Per regulation, the LOSAP financial statements are subject to an accountant's review report only.

Total Columns on Combined Statements – Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTES TO FINANCIAL STATEMENTS

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

#### D. Basis Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the 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 GAAP.

### Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

#### A. Cash and Cash Equivalents

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

If the public funds deposited exceed 75 percent of the 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 \$25,000,000.00.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

#### B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit the local governments to invest in a wide range of obligations issued by State governments and its agencies.

#### C. Risk

As of December 31, 2013, the Borough had funds on deposit in checking and statement savings accounts. The carrying amount of the Borough's Cash and Cash Equivalents as of December 31, 2013 was \$17,347,355.70. The funds were covered by the Government Unit Deposit Protection Act "GUDPA". These funds constitute "deposits with financial institutions" as defined by GASB Statement #3 as amended by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

### Note 3: TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

NOTES TO FINANCIAL STATEMENTS

Note 3: TAXES AND TAX TITLE LIENS RECEIVABLE (CONT'D.)

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution of 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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

Comparative Schedule of Tax Rates

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	\$ 6.910	\$ 6.716	\$ 6.666	\$ 6.401	\$ 6.249
Apportionment of Tax Rate:					
Municipal	1.854	1.864	1.863	1.987	1.938
Library	0.108	0.114	0.123		
County:					
Regular	1.134	1.118	1.130	1.057	1.047
Open Space	0.097	0.103	0.111	0.076	0.119
Local School	3.717	3.517	3.439	3.281	3.145

NOTES TO FINANCIAL STATEMENTS

Note 3: TAXES AND TAX TITLE LIENS RECEIVABLE (CONT'D.)

Assessed Valuation

2013	\$	413,638,494.00
2012		421,101,082.00
2011		422,765,085.00
2010		425,594,179.00
2009		426,811,899.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2013	\$ 28,611,548.77	\$ 27,893,367.80	97.48%
2012	28,288,691.60	27,553,240.39	97.59%
2011	28,202,908.07	27,522,627.54	97.59%
2010	27,258,681.92	26,541,537.70	97.37%
2009	26,694,630.46	26,140,465.75	97.92%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 297,573.52	\$ 633,792.42	\$ 931,365.94	3.26%
2012	274,332.41	603,257.04	877,589.45	3.10%
2011	149,613.83	613,734.94	763,348.77	2.71%
2010	132,592.22	669,440.05	802,032.27	2.94%
2009	106,975.25	515,816.70	622,791.95	2.33%

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>		<u>Amount</u>
2013	\$	47,800.00
2012		47,800.00
2011		47,800.00
2010		47,800.00
2009		47,800.00

Note 5: UTILITY RECEIVABLES AND COLLECTIONS

The Borough operates on Electric Utility, Parking Utility and a Water Utility for the benefit of its residents.

Comparison of Electric Utility Levies and Collections

The Borough's Electric Utility Customers are billed monthly based on usage.

<u>Year</u>		<u>Levy**</u>		<u>Cash Collections*</u>
2013	\$	12,895,789.63	\$	13,124,979.95
2012		13,487,589.35		13,317,858.26
2011		14,744,412.76		14,953,578.47
2010		15,465,767.80		15,054,935.42
2009		14,152,007.68		14,895,187.22

\* Cash collections include amounts that were levied in prior years.

\*\* In 2011 the Borough effected an Annual Power Cost Adjustment ("APCA") which essentially is an automatic pass-through adjustment based on the cost of pwer purchased.

Comparison of Water Utility Levies and Collections

The Borough's Water Utility Customers are billed based on usage quarterly on a cycle basis.

<u>Year</u>		<u>Levy**</u>		<u>Cash Collections*</u>
2013	\$	3,305,669.31	\$	3,446,430.81
2012		3,386,632.26		3,259,039.32
2011		3,477,710.35		3,558,123.15
2010		3,490,170.18		3,428,587.05
2009		2,868,606.50		2,851,172.04

\* Cash collections include amounts that were levied in prior years.

\*\* Rate increases effective for 2009 and 2010.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

Note 5: UTILITY RECEIVABLES AND COLLECTIONS (CONT'D.)

Comparison of Parking Utility Collections

<u>Year</u>		<u>Cash Collections</u>
2013	\$	47,409.30
2012		47,862.72
2011 (Inception November 1, 2011)		6,409.94

Note 6: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balanced Used</u>
<u>Current Fund</u>				
2013	\$ 1,775,994.33	\$ 1,339,848.00	N/A	75.44%
2012	2,058,322.31	1,482,773.56	N/A	72.04%
2011	1,670,191.58	1,126,612.64	N/A	67.45%
2010	1,543,642.96	1,126,612.23	N/A	72.98%
2009	1,460,397.50	905,858.14	N/A	62.03%
<u>Electric Utility Operating Fund</u>				
2013	\$ 3,749,047.57	\$ 3,556,371.00	None	94.86%
2012	4,753,138.35	3,556,371.00	None	74.82%
2011	4,142,373.53	3,556,371.00	None	85.85%
2010	3,841,052.47	None	\$ 2,913,371.00	75.85%
2009	3,050,704.55	None	2,704,000.00	88.64%
<u>Parking Utility Operating Fund</u>				
2013	73,353.86	\$ 12,500.00	None	17.04%
2012	70,003.34	12,500.00	None	17.86%
2011 *	66,493.52	28,500.00	None	42.86%
* Inception year effective November 1, 2011.				
<u>Water Utility Operating Fund</u>				
2013	\$ 1,051,082.89	\$ 549,678.00	None	52.30%
2012	982,941.09	489,886.00	None	49.84%
2011	974,116.82	416,855.00	None	42.79%
2010	652,007.86	340,257.00	None	52.19%
2009	389,015.20	253,787.00	None	65.24%

Note 7: MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 18,020,508.33	\$ 18,319,846.44	\$ 19,008,941.64
Electric Utility:			
Bonds and Notes	5,232,000.00	5,904,000.00	6,166,000.00
Parking Utility:			
Bonds and Notes	None	None	None
Water Utility:			
Bonds, Loans and Notes	<u>5,300,218.90</u>	<u>5,581,289.56</u>	<u>5,785,593.90</u>
Total Issued:	<u>\$ 28,552,727.23</u>	<u>\$ 29,805,136.00</u>	<u>\$ 30,960,535.54</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 4,483,891.38	\$ 5,889,930.19	\$ 1,437,161.23
Electric Utility:			
Bonds and Notes	400,000.00	400,000.00	400,000.00
Parking Utility:			
Bonds and Notes	None	None	None
Water Utility:			
Bonds and Notes	<u>2,041,000.00</u>	<u>2,191,000.00</u>	<u>2,126,000.00</u>
Total Authorized But Not Issued:	<u>\$ 6,924,891.38</u>	<u>\$ 8,480,930.19</u>	<u>\$ 3,963,161.23</u>
Net Bond and Notes Issued and Authorized But Not Issued	<u>\$ 35,477,618.61</u>	<u>\$ 38,286,066.19</u>	<u>\$ 34,923,696.77</u>

Note 7: MUNICIPAL DEBT (CONT'D.)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.646%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 13,094,000.00	\$ 13,094,000.00	\$ -0-
Electric Utility Debt	5,632,000.00	5,632,000.00	-0-
Parking Utility Debt	-0-	-0-	-0-
Water Utility Debt	7,341,218.97	7,341,218.97	-0-
General Debt	<u>22,504,399.71</u>	<u>-0-</u>	<u>22,504,399.71</u>
	<u>\$ 48,571,618.68</u>	<u>\$ 26,067,218.97</u>	<u>\$ 22,504,399.71</u>

Net Debt \$22,504,399.71 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,367,481,776.33 equals 1.646%. The Annual Debt Statement has been filed.

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

3 1/2% of Average Equalized Valuation Basis (Municipal)	\$ 47,861,862.12
Net Debt	<u>22,504,399.71</u>
Remaining Borrower Power	<u>\$ 25,357,462.41</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

Note 7: MUNICIPAL DEBT (CONT'D.)

Calculation of "Self-Liquidating Purpose", Electric Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	16,769,841.15
Deductions:			
Operating and Maintenance Costs	\$	10,821,262.00	
Debt Service		<u>872,116.82</u>	
Total Deductions			<u>11,693,378.82</u>
Excess in Revenue		\$	<u>5,076,462.33</u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	3,967,233.15
Deductions:			
Operating and Maintenance Costs	\$	2,920,508.00	
Debt Service		<u>454,024.37</u>	
Total Deductions			<u>3,374,532.37</u>
Excess in Revenue		\$	<u>592,700.78</u>

Calculation of "Self-Liquidating Purpose", Parking Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	60,114.50
Deductions:			
Operating and Maintenance Costs	\$	32,500.00	
Debt Service		<u>-0-</u>	
Total Deductions			<u>32,500.00</u>
Excess in Revenue		\$	<u>27,614.50</u>

Note 7: MUNICIPAL DEBT (CONT'D.)

Long-Term Debt

As of December 31, 2013, the Borough's long-term debt is as follows:

General Capital Fund - Serial Bonds:

\$8,405,000.00 General Obligation Bonds, Series 2007 Annual maturities of \$525,000.00 to \$750,000.00 through December 2022 at interest rates ranging from 4.125% to 4.250%.	\$ 6,425,000.00 *
 \$2,625,000.00 General Obligation Refunding Bonds, Series 2010 Final Maturity of \$510,000.00 in October 2014 at an interest rate of 2.00%.	<u>510,000.00</u>
	\$ 6,935,000.00

Electric Utility Capital Fund - Serial Bonds:

\$5,990,000.00 Electric System Improvement Bonds, Series 2007 - Annual maturities of \$375,000.00 to \$550,000.00 Through December 2022 at interest rates ranging from 4.125% to 4.250%.	\$ <u>4,100,000.00</u> *
	\$ <u>4,100,000.00</u>
	\$ <u><u>11,035,000.00</u></u>

\* Redemption of General Obligation Series 2007 and Electric System Improvement Bonds Series 2007: The Bonds maturing prior to December 1, 2018 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after December 1, 2018 are subject to redemption at the option of the Borough, in whole or in part, on any date on or after December 1, 2017, upon notice as required herein, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price") plus accrued interest to the date fixed for redemption. If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date for redemption. The Governing Body has not, as of the date of this report, opted to redeem the Bonds.

Note 7: MUNICIPAL DEBT (CONT'D.)

Long-Term Debt (Cont'd.)

State of New Jersey Environmental Infrastructure Trust Loans (NJEIT)

General Capital Fund - Serial Bonds:

\$430,000.00 NJEIT - State Portion

Year 2000 - Annual maturities of \$25,000.00 to \$35,000.00 through August 1, 2020 at interest rates ranging from 5.00% to 5.250%.

\$ 205,000.00

\$425,000.00 NJEIT - Federal Portion

Year 2000 -Semi-annual maturities in varying amounts with a maximum of approximately \$23,000.00 per year through August 1, 2019. There is no interest being charged on this loan

124,508.33

\$ 329,508.33

Water Utility Capital Fund:

\$2,620,000.00 NJEIT - State Portion

Year 2000 - Annual maturities of \$155,000.00 to \$205,000.00 through August 1, 2020 at interest rates ranging from 5.00% to 5.250%.

\$ 1,255,000.00

\$2,637,500.00 NJEIT - Federal Portion

Year 2000 -Semi-annual maturities in varying amounts with a maximum of approximately \$135,000.00 per year through August 1, 2017. There is no interest being charged on this loan

437,218.97

\$ 1,692,218.97

\$ 2,021,727.30

Note 7: MUNICIPAL DEBT (CONT'D.)

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

Serial Bonds:

<u>Calendar Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,035,000.00	\$ 279,062.12	\$ 1,314,062.12
2015	675,000.00	247,249.72	922,249.72
2016	725,000.00	219,384.91	944,384.91
2017	750,000.00	189,431.81	939,431.81
2018	750,000.00	158,475.00	908,475.00
	<u>3,935,000.00</u>	<u>1,093,603.56</u>	<u>5,028,603.56</u>
2019	750,000.00	127,487.25	877,487.25
2020	750,000.00	95,716.80	845,716.80
2021	750,000.00	65,005.88	815,005.88
2022	750,000.00	31,873.73	781,873.73
	<u>3,000,000.00</u>	<u>320,083.66</u>	<u>3,320,083.66</u>
	\$ 6,935,000.00	\$ 1,413,687.22	\$ 8,348,687.22

<u>Calendar Year</u>	<u>Electric Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 375,000.00	\$ 171,606.63	\$ 546,606.63
2015	400,000.00	156,094.03	556,094.03
2016	400,000.00	139,615.09	539,615.09
2017	425,000.00	123,161.94	548,161.94
2018	450,000.00	105,650.00	555,650.00
	<u>2,050,000.00</u>	<u>696,127.69</u>	<u>2,746,127.69</u>
2019	475,000.00	87,137.75	562,137.75
2020	500,000.00	66,845.70	566,845.70
2021	525,000.00	44,431.62	569,431.62
2022	550,000.00	23,376.27	573,376.27
	<u>2,050,000.00</u>	<u>221,791.34</u>	<u>2,271,791.34</u>
	\$ 4,100,000.00	\$ 917,919.03	\$ 5,017,919.03

Note 7: MUNICIPAL DEBT (CONT'D.)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Cont'd.)

Serial Bonds (Cont'd):

<u>Calendar Year</u>	<u>Total for all Funds - Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,410,000.00	\$ 450,668.75	\$ 1,860,668.75
2015	1,075,000.00	403,343.75	1,478,343.75
2016	1,125,000.00	359,000.00	1,484,000.00
2017	1,175,000.00	312,593.75	1,487,593.75
2018	1,200,000.00	264,125.00	1,464,125.00
	<u>5,985,000.00</u>	<u>1,789,731.25</u>	<u>7,774,731.25</u>
2019	1,225,000.00	214,625.00	1,439,625.00
2020	1,250,000.00	162,562.50	1,412,562.50
2021	1,275,000.00	109,437.50	1,384,437.50
2022	1,300,000.00	55,250.00	1,355,250.00
	<u>5,050,000.00</u>	<u>541,875.00</u>	<u>5,591,875.00</u>
	<u>\$ 11,035,000.00</u>	<u>\$ 2,331,606.25</u>	<u>\$ 13,366,606.25</u>

Note 7: MUNICIPAL DEBT (CONT'D.)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Cont'd.)

New Jersey Environmental Infrastructure Trust ("NJEIT") Loan Payable

<u>Calendar Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 46,581.01	\$ 10,631.26	\$ 57,212.27
2015	45,823.92	9,381.26	55,205.18
2016	53,076.28	8,100.00	61,176.28
2017	52,145.04	6,562.50	58,707.54
2018	51,191.10	4,987.50	56,178.60
	<u>248,817.35</u>	<u>39,662.52</u>	<u>288,479.87</u>
2019	45,690.98	3,412.50	49,103.48
2020	35,000.00	1,837.50	36,837.50
	<u>80,690.98</u>	<u>5,250.00</u>	<u>85,940.98</u>
	<u>\$ 329,508.33</u>	<u>\$ 44,912.52</u>	<u>\$ 374,420.85</u>

<u>Calendar Year</u>	<u>Water Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 290,767.00	\$ 65,087.50	\$ 355,854.50
2015	294,070.59	57,337.50	351,408.09
2016	305,180.97	49,137.50	354,318.47
2017	212,200.41	40,425.00	252,625.41
2018	190,000.00	30,975.00	220,975.00
	<u>1,292,218.97</u>	<u>242,962.50</u>	<u>1,535,181.47</u>
2019	195,000.00	21,000.00	216,000.00
2020	205,000.00	10,762.50	215,762.50
	<u>400,000.00</u>	<u>31,762.50</u>	<u>431,762.50</u>
	<u>\$ 1,692,218.97</u>	<u>\$ 274,725.00</u>	<u>\$ 1,966,943.97</u>

<u>Calendar Year</u>	<u>Total for all Funds - NJEIT Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 337,348.01	\$ 75,718.76	\$ 413,066.77
2015	339,894.51	66,718.76	406,613.27
2016	358,257.25	57,237.50	415,494.75
2017	264,345.45	46,987.50	311,332.95
2018	241,191.10	35,962.50	277,153.60
	<u>1,541,036.32</u>	<u>282,625.02</u>	<u>1,823,661.34</u>
2019	240,690.98	24,412.50	265,103.48
2020	240,000.00	12,600.00	252,600.00
	<u>480,690.98</u>	<u>37,012.50</u>	<u>517,703.48</u>
	<u>\$ 2,021,727.30</u>	<u>\$ 319,637.52</u>	<u>\$ 2,341,364.82</u>

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

Bond Anticipation Notes

At December 31, 2013 the Borough's outstanding Bond Anticipation Notes are as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required</u>	
				<u>First</u>	<u>Final</u>
General Capital Fund	1.25%	2008	\$ 2,011,000.00	2011	2019
	1.25%	2009	745,000.00	2012	2020
	1.25%	2010	5,813,000.00	2013	2021
	1.25%	2011	571,000.00	2014	2022
	1.25%	2012	500,000.00	2015	2023
	1.25%	2013	1,116,000.00	2016	2024
			<u>10,756,000.00</u>		
Electric Utility Capital Fund	1.25%	2008	\$ 490,000.00	2011	2019
	1.25%	2009	282,000.00	2012	2020
	1.25%	2012	360,000.00	2015	2023
			<u>1,132,000.00</u>		
Water Utility Capital Fund	1.25%	2008	\$ 509,000.00	2011	2019
	1.25%	2009	2,076,000.00	2012	2020
	1.25%	2010	548,000.00	2013	2021
	1.25%	2012	325,000.00	2015	2023
	1.25%	2013	150,000.00	2016	2024
			<u>3,608,000.00</u>		
Parking Utility Capital Fund			<u>None</u>		
			<u>\$ 15,496,000.00</u>		

Bond and Notes Authorized But Not Issued

At December 31, 2013, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 4,483,891.38
Electric Utility Capital Fund	400,000.00
Water Utility Capital Fund	2,041,000.00
Parking Utility Capital Fund	<u>None</u>
	<u>\$ 6,924,891.38</u>

Note 7: MUNICIPAL DEBT (CONT'D.)

Due to Bond Registrar/Paying Agent

The Water Utility Operating Fund Balance Sheet reflects and amount due from Bond Registrar/Paying Agent of \$57,812.00 and due to Bond Registrar/Paying Agent of \$81,840.00. These balances represent amounts that were paid (due from) in prior year and a liability (due to) for the current and prior years. The amounts were possibly never invoiced properly by the Paying Agent. These amounts are being reviewed on an ongoing basis for liquidation.

Continuing Disclosure Requirement

As a result of the General Obligation Refunding Bonds, Series 2010 and 2007 General Obligation Bond Sales, the Borough is required to comply with the Securities and Exchange Commission Rule 15c2-12, which is related to the Annual Continuing Disclosure Requirement. The Borough complied with the requirement in 2013 and 2012.

Note 8: DEFERRED SCHOOL DISTRICT TAXES

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows.

The Borough of South River has elected to defer school taxes as follows:

		<u>Local School District Taxes</u> <u>Balance, December 31</u>		<u>Increase/</u> <u>(Decrease)</u>
		<u>2013</u>	<u>2012</u>	
Balance of Tax*	\$	7,165,168.00	\$ 6,898,366.00	\$ 266,802.00
Deferred		<u>6,759,686.00</u>	<u>6,759,686.00</u>	none
Payable	\$	<u>405,482.00</u>	<u>138,680.00</u>	<u>266,802.00</u>

\* Required for School operations for the six-month period following December 31<sup>st</sup>.

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance</u> <u>December</u> <u>31, 2012</u>	<u>FEMA Proceeds</u> <u>and 2013 Budget</u> <u>Appropriations</u>	<u>Balance to be</u> <u>Raised in</u> <u>Succeeding</u> <u>Year's Budget</u>
Current Fund: (per NJSA 40A:4-54) Special Emergency Authorization	\$ <u>450,000.00</u>	\$ <u>450,000.00</u>	\$ <u>0.00</u>
Total	\$ <u>450,000.00</u>	\$ <u>450,000.00</u>	\$ <u>0.00</u>

Note 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS (CONT'D.)

The deferred charge remaining balance at December 31, 2012 is the amount of \$450,000., which was funded by a \$90,000. Year 2013 budget appropriation along with FEMA proceeds applied of \$360,000.

Note 10: PENSION PLANS

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System (PERS) and the Police and Firemen's Pension Fund (PFRS) are considered cost sharing multiple-employer plans. The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports may be obtained by writing to: State of New Jersey Division of pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf).

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. Members are eligible for retirement at age sixty with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Pension benefits for members enrolled in the system after May 21, 2010 would be based on 1/60<sup>th</sup> of the average annual compensation for the last five (5) years of service or any five fiscal years of membership that provide the largest benefit to the member or the member's beneficiary. Early retirement is available to those under sixty with twenty-five or more years of credited service. Anyone who retires early and is under age fifty-five receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age fifty-five).

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over the age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement Benefits vary depending on age and years of service.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011 made various changes to the manner in which PERS operates and to the benefit provisions of that system.

Note 10: PENSION PLANS (CONT'D.)

Significant Legislation (Cont'd.)

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of credible service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contributions to be Made

Employee contributions for 2013 were six and sixty-four hundredths percent through June 30, 2013 and six and seventy-eight hundredths percent thereafter of the employee's base wages for PERS and ten percent (10%) for employee base wages for PFRS. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

Year	PERS			
	Borough			Employees
	Liability		Net Cost	
Normal	Accrued			
2013	\$ 137,001.00	\$ 327,572.00	\$ 464,573.00	\$ 316,486.27
2012	151,809.00	303,618.00	455,427.00	297,849.60
2011	166,735.00	265,681.00	432,416.00	251,112.05

Note 10: PENSION PLANS (CONT'D.)

Contributions to be Made (Cont'd.)

Year	PFRS			
	Borough			Employees
	Liability		Net Cost	
Normal	Accrued			
2013	\$ 308,483.00	\$ 408,236.00	\$ 713,719.00	\$ 312,513.37
2012	324,927.00	365,680.00	690,607.00	306,871.54
2011	416,800.00	334,206.00	751,006.00	267,478.70

Note 11: POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

Plan Description – New Jersey State Health Benefits Program (“NJSHBP”)

The NJSHBP as of July 1, 2011 has “local employees” statewide of 44,386 active and 18,864 retired for a total of 63,244 members. The Borough had 98 active and 50 retired employees for a total of 148.

The Borough contributes to the NJSHBP, a cost sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. NJSHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. NJSHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. In accordance with GASB’s 43 and 45, the NJSHBP has been determined to be a cost-sharing multiple-employer plan. Under GASB 45, the Borough is not required nor allowed to accrue reserves to fund the ultimate payment of the retirees health benefit obligation that is being earned.

The NJSHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the NJSHBP. The Borough authorized participation in the NJSHBP’s post-retirement benefit program through resolution.

The New Jersey State Health Benefits (“NJSHB”) Commission is the executive body established by statute to be responsible for the operation of the NJSHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and an annual actuarial valuation report. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf).

Note 11: POST EMPLOYMENT RETIREMENT BENEFITS (CONT'D.)

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2013	52	\$ 912,873.62
2012	50	775,771.57
2011	49	693,533.53

Note 12: DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax sheltered, defined retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings and losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

NOTES TO FINANCIAL STATEMENTS

Note 12: DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONT'D.)

Description of System (Cont'd.)

- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrator such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in the PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

Contributions to the plan were as follows:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2013	\$ None	\$ None
2012	None	None
2011	308.34	None

Note 13: TERMINATION BENEFITS – OTHER POST EMPLOYMENT RETIREMENT BENEFITS

The Borough grants terminal leave for all employees who retire from the Borough, the amount due to be paid is two (2) days of terminal leave for every year of service with the Borough subject to a minimum of ten (10) years of service. In accordance with GASB #47, the Borough is obligated to determine the amount; however, not required to fund or encumber the liability. The amount accrued to the benefit of the employees as of December 31, 2013 is \$492,459.03. Amounts are provided for in the Borough's annual operating budgets to meet the obligations as they become due.

Note 14: INTERFUNDS RECEIVABLE AND PAYABLE

Interfund receivable and payable balances at December 31, 2013 were as follows:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund		\$165,940.29
Grant Fund	<u>\$165,940.29</u>	<u>                    </u>

NOTES TO FINANCIAL STATEMENTS

Note 15: SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS

The Borough of South River maintains three (3) enterprise funds that provide electric, parking and water to the residents and businesses of the Borough. Segment information for the year ended December 31, 2013 is as follows:

	Electric Utility	Parking Utility	Water Utility	Total Enterprise Fund
Revenue and Other Income Realized:				
Operating Fund Balance				
Appropriated	\$ 3,556,371.00	\$ 12,500.00	\$ 489,886.00	\$ 4,058,757.00
Rents	13,124,979.95	47,409.30	3,446,430.81	16,618,820.06
Miscellaneous	<u>4,400.00</u>	<u>0.00</u>	<u>11,120.00</u>	<u>15,520.00</u>
Budget Totals	16,685,750.95	59,909.30	3,947,436.81	20,693,097.06
Other Credits to Income:				
Nonbudget Revenue	\$ 382,509.96	\$ 205.20	\$ 24,747.34	\$ 407,462.50
Current Appropriations Canceled	1,676.18	0.00	86,473.63	88,149.81
Unexpended Balance of Appropriation Reserves Lapsed and Encumbrances Canceled	<u>753,769.13</u>	<u>3,236.02</u>	<u>150,376.02</u>	<u>907,381.17</u>
Total Revenue	\$ <u>17,823,706.22</u>	\$ <u>63,350.52</u>	\$ <u>4,209,033.80</u>	\$ <u>22,096,090.54</u>
Expenditures:				
Operating:				
Salaries and Wages	\$ 1,325,000.00	\$ 22,000.00	\$ 725,000.00	\$ 2,072,000.00
Other Expenses	2,045,000.00	6,000.00	1,120,000.00	3,171,000.00
Purchase of Power/Water	7,170,000.00	0.00	900,000.00	8,070,000.00
Capital Improvements	20,000.00	15,000.00	190,000.00	225,000.00
Debt Service	873,793.00	0.00	540,498.00	1,414,291.00
Deferred Charges and Statutory Expenditures	281,262.00	4,500.00	175,508.00	461,270.00
Surplus - General Budget	<u>3,556,371.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,556,371.00</u>
Total Expenditures	\$ <u>15,271,426.00</u>	\$ <u>47,500.00</u>	\$ <u>3,651,006.00</u>	\$ <u>18,969,932.00</u>
Statutory Excess to Fund Balance	\$ 2,552,280.22	\$ 15,850.52	\$ 558,027.80	\$ 3,126,158.54
Fund Balance, January 1, 2013	\$ <u>4,753,138.35</u>	\$ <u>70,003.34</u>	\$ <u>982,941.09</u>	\$ <u>5,806,082.78</u>
	\$ <u>7,305,418.57</u>	\$ <u>85,853.86</u>	\$ <u>1,540,968.89</u>	\$ <u>8,932,241.32</u>
Decreased by:				
Utilization as Anticipated Revenue	\$ <u>3,556,371.00</u>	\$ <u>12,500.00</u>	\$ <u>489,886.00</u>	\$ <u>4,058,757.00</u>
Fund Balance, December 31, 2013	\$ <u>3,749,047.57</u>	\$ <u>73,353.86</u>	\$ <u>1,051,082.89</u>	\$ <u>4,873,484.32</u>

Note 16: RISK MANAGEMENT

Property and Liability Insurance

The Borough, together with other governmental units, are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverage's for participant local units.

For the year ended December 31, 2013, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

At December 31, 2012, the Fund reported for all years combined total assets of \$34,178,794, liabilities and reserves of \$34,507,567, which includes case reserves of \$16,104,475 and IBNR of \$18,074,531 and a deficit fund balance of \$328,773.

New Jersey Unemployment Compensation Insurance

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

<u>Year Ended Dec. 31,</u>	<u>Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 6,496.82	\$ 78.44	\$ 15,929.54	\$ 57,218.19
2012	50,025.00	182.37	49,775.32	66,572.47
2011	26,000.00	357.57	75,171.84	66,140.42

Note 17: DEFERRED COMPENSATION PLAN

The Borough of South River offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

Note 17: DEFERRED COMPENSATION PLAN (CONT'D.)

The Borough of South River authorized such modifications to their plan by resolution of the Borough Council adopted September 10, 1997. The Deferred Compensation Plan is administered by the American Insurance General (AIG).

Note 18: LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of the Length of Service Awards program (LOSAP). On November 2, 2004 the voters of the Borough approved an increase of the annual appropriation to \$112,800.00 subject to a per member minimum of \$800.00 and a maximum of \$1,500.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. A separate report as of December 31, 2013 revealed net position available for benefits of \$799,335.99. The Borough's contribution for December 31, 2013 is \$68,311.95. Contributions for the past three (3) years are as follows:

		<u>Total</u>		<u>Per Member</u>
2013	\$	68,311.95	\$	1,339.45
2012		74,822.16		1,336.11
2011		73,211.60		1,307.35

Note 19: CONTINGENT LIABILITIES

A. Accrued Sick Pay

The Borough's collective bargaining agreements provide for payment to employees upon retirement for unused sick days. There are six (6) collective bargaining agreements, which provide for amounts of payments based on the individual agreements. The noncollective bargaining employees are subject to a limit of one (1) day for every six (6) days accumulated and used. The total liability, based upon the above data and limitations, is on file in the Finance Office and amounts to \$221,964.21.

B. Litigation

The Borough is a party to various legal proceedings. These legal proceedings are not likely to have an adverse financial impact on the Borough, based on inquiry of management and the various attorneys.

C. Grants

The Borough of South River participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Note 19: CONTINGENT LIABILITIES (CONT'D.)

D. The Borough has a Reserve for State Tax Appeals at December 31, 2013 of \$95,000.00, which represents an estimate for several tax appeals that are pending for 2013. In the event the appeals are awarded in excess of that amount, then a charge to Fund Balance/(Operations) will be needed.

Note 20: ASSET IMPAIRMENT

As a result of Superstorm/Hurricane Sandy on October 29-30, 2012, the Borough's Office on Aging and Recreation Department building was damaged and was operational as of the date of December 31, 2013. Additionally, the William Street Pump Station was damaged but is operational except there is no backup generator and the Jackson Street Pump Station is nonoperating. The Borough has an outside contractor to service bypass pumps on a daily basis. It is not certain whether or to what extent the costs to repair will be covered by FEMA or insurance proceeds. An improvement authorization was adopted on December 17, 2012 to provide funds for reconstruction and/or repair.

Note 21: SUBSEQUENT EVENTS

Subsequent to year-end, the Borough adopted four (4) capital ordinances totaling \$2,670,000.00 for various road improvements, installation of a standby generator, Obert Street parking lot improvements and computer network upgrades which are funded by the capital improvement fund for \$85,000, electric utility capital surplus of \$621,000, Water Utility Capital Surplus of \$14,000 and Bonds and Notes Authorized in the amount of \$1,950,000.

Management has reviewed and evaluated events and transactions from December 31, 2013 through August 14, 2014, the date that financial statements are issued, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY**



**PART II**

**SINGLE AUDIT SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)  
(E-MAIL) admin@hm-pa.net

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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 South River  
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements – regulatory basis of the Borough of South River, County of Middlesex, New Jersey as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Borough of South River's financial statements and have issued our report thereon dated August 14, 2014. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis because we did not audit the omitted Statement of Governmental Fixed Assets. Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 1.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

We also noted other matters involving compliance and internal control over financial reporting that we have reported to management of the Borough of South River in the General Comments section of the Report of Audit.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
August 14, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND NJ OMB CIRCULAR 04-04

Honorable Mayor and Members  
of the Borough Council  
Borough of South River  
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of South River, County of Middlesex, New Jersey compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that could have a direct and material effect on each of the Borough of South River's major federal programs for the year ended December 31, 2013. The Borough of South River's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of South River's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of South River's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Borough of South River's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Borough of South River is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of South River's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of South River's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
August 14, 2014

**Schedule of Expenditures of Federal Awards**

**Borough of South River  
For the Year Ended December 31, 2013  
Schedule of Expenditures of Federal Awards**

<u>Federal Grantor/Program Title</u>	<u>Grant Period</u>	<u>Federal CFDA Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security: Federal Emergency Management Agency	On-going	97.036	1,698,514.56	\$ 855,364.70
Total U.S. Department of Homeland Security				<u>855,364.70</u>
U.S. Department of Housing and Urban Development: Passed Through County of Middlesex: Housing and Community Development: Senior Center Improvements	10/01/09 - 09/30/10	14.228	33,696.22	28,676.41
Curb Cut Project	10/01/11 - 09/30/12	14.228	8,978.00	8,978.00
Park Improvements	10/01/11 - 09/30/12	14.228	15,000.00	3,800.00
ADA Compliant Ramps	10/01/11 - 09/30/12	14.228	15,000.00	15,000.00
Curb Cut Project	10/01/12 - 09/30/13	14.228	35,701.00	23,253.52
Park Improvements	10/01/12 - 09/30/13	14.228	15,000.00	-
Senior Center Improvements	10/01/13 - 09/30/14	14.228	41,394.00	-
Park Improvements	10/01/13 - 09/30/14	14.228	31,350.00	-
HCD	10/01/12 - 09/30/13	14.228	12,000.00	12,000.00
Residential Maintenance	01/01/12 - 12/31/12	14.228	4,000.00	4,000.00
Residential Maintenance	01/01/13 - 12/31/13	14.228	4,000.00	3,993.52
Physical	01/01/13 - 12/31/13	14.228	3,700.00	1,886.00
Senior Transportation	01/01/13 - 12/31/13	14.228	70,000.00	-
Total U.S. Department of Housing and Urban Development				<u>72,911.04</u>
U.S. Department of Justice: Passed Through State of New Jersey Division of Criminal Justice: Jessica Gonzales Victim Assistance Grant	05/01/12 - 04/30/13	16.588	60,000.00	19,856.00
Total U.S. Department of Justice				<u>19,856.00</u>
Total Federal Awards				<u>\$ 948,131.74</u>

BOROUGH OF SOUTH RIVER  
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS  
DECEMBER 31, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards present the activity of the federal financial assistance programs of the Borough of South River, County of Middlesex. The Borough is defined in Note 1 to the Borough's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the basis of accounting as described in Note 1 to the Borough's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements.

NOTE 4: RELATIONSHIP TO FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports, where required.



BOROUGH OF SOUTH RIVER  
COUNTY OF MIDDLESEX, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

(continued)

**Section II – Financial Statement Findings**

Material Noncompliance:

No matters were noted.

Material Weaknesses/Significant Deficiencies:

No matters were noted.

**Section III - State Financial Assistance Findings and Questioned Costs**

No matters were noted.

BOROUGH OF SOUTH RIVER  
COUNTY OF MIDDLESEX, NEW JERSEY

SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Section 1 – Summary of Prior Year State Findings

SUMMARY OF PRIOR YEAR FINDINGS

Audit  
Reference  
Number

No prior year single audit was performed.

**COMBINING AND INDIVIDUAL FUND STATEMENTS**



**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 352,105.61	\$ 695,993.76
Reserve for Encumbrances	435,067.59	661,966.49
Prepaid Taxes	160,933.89	131,829.44
Tax Overpayments	8,586.79	
Due to State of New Jersey:		
Ch. 20,P.L. 1971	43,292.13	33,292.13
DCA Training Fees	3,165.00	1,301.00
Various Reserves	104,105.45	107,878.97
Local School Taxes Payable	405,482.00	138,680.00
Interfunds Payable-		
Due to Federal and State Grant Fund	<u>165,940.29</u>	<u>168,686.40</u>
	\$ 1,678,678.75	\$ 1,939,628.19
Reserve for Receivables and Other Assets	997,226.54	940,763.70
Fund Balance	<u>1,775,994.33</u>	<u>2,058,322.31</u>
 Total Current Fund	 \$ <u>4,451,899.62</u>	 \$ <u>4,938,714.20</u>

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE (CONTINUED)</u>		
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	\$ 188,614.52	\$ 158,202.16
Unappropriated	32,240.72	26,520.99
Reserve for Encumbrances	<u>82,302.56</u>	<u>64,000.00</u>
Total Federal and State Grant Fund	<u>\$ 303,157.80</u>	<u>\$ 248,723.15</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,755,057.42</u>	<u>\$ 5,187,437.35</u>

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,482,773.56	\$ 1,126,612.64
Miscellaneous Revenues Anticipated	5,583,430.41	5,317,543.61
State Aid	825,290.68	825,291.00
Federal and State Grants	218,240.92	161,967.22
Receipts from Delinquent Taxes	633,863.95	569,445.37
Amount to be Raised by Taxation for Support of Municipal Budget	8,215,900.89	8,369,973.55
Non-Budget Revenues	394,719.28	284,069.83
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	647,966.54	730,161.24
Current Appropriations Canceled	5,922.56	3,011.76
Cancellation of Prior Year Grant Appropriated and Unappropriated Reserves	3,442.08	9,954.17
Taxes Allocated to School and County Taxes	<u>20,464,702.20</u>	<u>19,950,859.46</u>
 Total Income	 <u>\$ 38,476,253.07</u>	 <u>\$ 37,348,889.85</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 756,100.00	\$ 754,800.00
Land Use	42,205.00	45,705.00
Insurance	1,756,672.00	1,600,010.00
Public Safety	4,471,500.00	4,329,270.00
Public Works	1,905,500.00	2,017,800.00
Health and Human Services	243,036.00	261,036.00
Parks and Recreation	375,750.00	430,800.00
Utility Expense and Bulk Purchases	411,000.00	791,500.00
Sanitary Landfill	515,000.00	545,000.00
Contingent	500.00	500.00
Deferred Charges and Statutory Expenditures	1,305,338.00	1,258,433.00
Excluded from "CAPS":		
Public Safety	125,000.00	117,300.00
Public Works	190,000.00	200,000.00
Education - Library	449,822.36	480,577.70
Sewer	1,096,715.92	1,157,862.00
Insurance	68,380.00	77,490.00

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Federal and State Grants	\$ 222,040.92	\$ 166,967.22
Capital Improvements	150,000.00	75,000.00
Municipal Debt Service	1,836,126.00	1,684,043.00
Deferred Charges and Statutory Expenditures	90,000.00	
Reserve for Uncollected Taxes	787,235.29	767,592.62
County Taxes	5,087,423.23	5,138,350.11
County Added and Omitted Taxes:		
2013	4,091.97	
2012	536.93	1,252.35
2011		166.50
Local District School Taxes	15,373,187.00	14,361,257.00
Refund of Prior Year's Revenues		696.00
Cancellation of Prior Grant Receivables	3,442.08	8,716.74
Prior Years Senior Citizens and Veterans Disallowed	9,204.79	12,021.24
	<hr/>	<hr/>
Total Expenditures	\$ 37,275,807.49	\$ 36,284,146.48
Excess in Revenue over Expenditures	\$ 1,200,445.58	\$ 1,064,743.37
Add: Deferred Charges Which are by Statute Charges to Budgets of Succeeding Years	<hr/>	<hr/> 450,000.00
Statutory Excess to Fund Balance	\$ 1,200,445.58	\$ 1,514,743.37
Fund Balance, January 1	<hr/> 2,058,322.31	<hr/> 1,670,191.58
	\$ 3,258,767.89	\$ 3,184,934.95
Decreased by:		
Utilized as Anticipated Revenue	<hr/> 1,482,773.56	<hr/> 1,126,612.64
Fund Balance, December 31	<hr/> <u>\$ 1,775,994.33</u>	<hr/> <u>\$ 2,058,322.31</u>

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget as Modified	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,482,773.56	\$ 1,482,773.56	_____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 13,800.00	\$ 13,815.00	\$ 15.00
Other	14,500.00	12,749.00	(1,751.00)
Fees and Permits	103,000.00	118,462.65	15,462.65
Fines and Costs - Municipal Court	297,000.00	280,975.32	(16,024.68)
Interest and Costs on Taxes	100,000.00	113,742.21	13,742.21
Interest on Investments and Deposits	14,500.00	7,999.73	(6,500.27)
Anticipated Operating Surplus - Electric	<u>3,556,371.00</u>	<u>3,556,371.00</u>	_____
	\$ 4,099,171.00	\$ 4,104,114.91	\$ 4,943.91
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 183,999.00	\$ 183,999.00	
Consolidated Municipal Property Tax Relief Aid	<u>641,292.00</u>	<u>641,291.68</u>	\$ (0.32)
	\$ 825,291.00	\$ 825,290.68	\$ (0.32)
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):			
Uniform Construction Code Fees	\$ 180,000.00	\$ 186,077.00	\$ 6,077.00
Zoning Fees	<u>14,000.00</u>	<u>13,210.00</u>	(790.00)
	\$ 194,000.00	\$ 199,287.00	\$ 5,287.00
Special Items of Revenue Offset with Appropriations:			
Drunk Driving Enforcement Fund	\$ 3,739.89	\$ 3,739.89	
Clean Communities Program	26,154.08	26,154.08	
Municipal Alliance on Alcoholism and Drug Abuse	15,137.00	15,137.00	
Alcohol Education and Rehabilitation Fund	738.85	738.85	
Body Armor Replacement Fund	3,214.54	3,214.54	
Violence Against Women Act Grant	60,000.00	60,000.00	
Middlesex County Office on Aging Grant:			
Physical	3,700.00	3,700.00	
Residential Maintenance	4,000.00	4,000.00	
Senior Transportation	70,000.00	70,000.00	
HCD - Senior Center Coordinator	12,000.00	12,000.00	
Recycling Tonnage Grant	<u>19,556.56</u>	<u>19,556.56</u>	_____
	\$ 218,240.92	\$ 218,240.92	_____



**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>GENERAL GOVERNMENT FUNCTIONS</b>						
General Administration:						
Salaries and Wages	\$ 219,000.00	\$ 107,000.00	\$ 104,439.10		\$ 2,560.90	
Other Expenses	8,500.00	8,500.00	6,449.48	467.10	1,583.42	
Cable Television	9,000.00	9,000.00	8,992.50		7.50	
Human Resources:						
Other Expenses	40,000.00	55,000.00	39,218.66	5,910.00	9,871.34	
Mayor and Council:						
Salaries and Wages	26,100.00	26,100.00	26,086.08		13.92	
Other Expenses	17,350.00	12,350.00	9,821.37	411.89	2,116.74	
Borough Clerk:						
Salaries and Wages	89,000.00	90,000.00	89,728.21		271.79	
Other Expenses	18,000.00	18,000.00	12,511.41	703.22	4,785.37	
Codification of Ordinances	6,000.00	6,000.00	1,716.96	1,796.60	2,486.44	
Elections:						
Salaries and Wages	3,500.00	4,500.00	4,154.02		345.98	
Other Expenses	5,500.00	6,000.00	4,311.22	1,412.50	276.28	
Financial Administration:						
Salaries and Wages	93,000.00	94,500.00	94,273.30		226.70	
Other Expenses	46,000.00	46,000.00	37,694.14	6,509.32	1,796.54	
Audit Services:						
Other Expenses	31,000.00	31,000.00		31,000.00		
Collection of Taxes:						
Salaries and Wages	39,000.00	40,000.00	39,735.78		264.22	
Other Expenses	21,000.00	21,000.00	20,758.37	110.00	131.63	
Assessment of Taxes:						
Salaries and Wages	27,000.00	27,150.00	27,092.84		57.16	
Other Expenses	16,500.00	16,500.00	8,711.54		7,788.46	
Legal Services:						
Other Expenses	85,000.00	75,000.00	63,755.00	2,500.00	8,745.00	
Engineering Services and Costs:						
Other Expenses	25,000.00	25,000.00	17,523.25	927.50	6,549.25	
Economic Development Commission:						
Other Expenses	2,500.00	2,500.00	936.83		1,563.17	

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<b>LAND USE ADMINISTRATION</b>						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Salaries and Wages	3,705.00	3,705.00	3,705.00			
Other Expenses	7,000.00	10,500.00	7,845.78	700.00	1,954.22	
Board of Adjustment:						
Salaries and Wages	23,000.00	23,000.00	22,600.55		399.45	
Other Expenses	10,000.00	5,000.00	1,620.98	15.00	3,364.02	
<b>INSURANCE</b>						
Liability Insurance	184,000.00	174,000.00	173,005.25		994.75	
Workers' Compensation	161,052.00	161,052.00	161,052.00			
Group Health Benefits	1,416,620.00	1,401,620.00	1,347,369.50	18,751.37	35,499.13	
Unemployment Insurance	20,000.00	20,000.00	20,000.00			
<b>PUBLIC SAFETY FUNCTIONS</b>						
Police:						
Salaries and Wages	3,165,000.00	3,290,000.00	3,282,276.73		7,723.27	
Other Expenses	115,000.00	115,000.00	96,015.59	17,997.58	986.83	
Special Police:						
Salaries and Wages	25,000.00	17,500.00	15,485.00		2,015.00	
Other Expenses	5,000.00	5,000.00	2,528.53	1,420.26	1,051.21	
School Guards:						
Salaries and Wages	200,000.00	204,500.00	197,748.01		6,751.99	
Other Expenses	3,500.00	1,000.00	125.00	126.50	748.50	
Juvenile Conference Committee:						
Other Expenses	500.00	500.00	138.13		361.87	
Police Dispatch/911:						
Salaries and Wages	201,000.00	203,500.00	193,976.53		9,523.47	
Other Expenses	1,000.00	1,000.00	677.23		322.77	
Office of Emergency Management:						
Other Expenses	7,100.00	7,100.00	5,153.86	1,846.01	100.13	
Aid to Volunteer Fire Companies:						
Other Expenses	95,000.00	103,795.00	85,640.39	18,143.55	11.06	
Clothing Allowance	40,000.00	31,205.00	31,205.00			
Emergency Medical Services:						
Other Expenses	36,500.00	36,500.00	35,288.92	1,076.50	134.58	

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>PUBLIC SAFETY FUNCTIONS (CONTINUED)</b>						
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383):						
Salaries and Wages	\$ 59,000.00	\$ 59,000.00	\$ 59,000.00		\$ 656.68	
Other Expenses	2,700.00	2,700.00	398.83	1,644.49		
Code Enforcement:						
Salaries and Wages	47,000.00	47,000.00	44,632.87		2,367.13	
Other Expenses	2,650.00	2,650.00	1,360.98	488.89	800.13	
Municipal Prosecutor:						
Other Expenses	15,000.00	15,000.00	14,888.37		111.63	
Municipal Court:						
Salaries and Wages	168,000.00	170,500.00	170,356.05		143.95	
Other Expenses	9,800.00	7,300.00	4,845.03	102.00	2,352.97	
Public Defender (P.L. 1997, C.256):						
Salaries and Wages	250.00	250.00			250.00	
<b>PUBLIC WORKS FUNCTIONS</b>						
Road Repairs and Maintenance:						
Salaries and Wages	612,000.00	642,000.00	641,536.84		463.16	
Other Expenses	102,000.00	82,000.00	46,928.65	29,727.39	5,343.96	
Garbage and Trash Removal:						
Salaries and Wages	622,000.00	612,000.00	604,500.49		7,499.51	
Other Expenses	38,000.00	38,000.00	29,410.14	567.85	8,022.01	
Public Buildings and Grounds:						
Other Expenses	145,000.00	153,000.00	135,585.04	5,682.64	11,732.32	
Vehicle Maintenance:						
Salaries and Wages	90,000.00	85,000.00	82,397.42		2,602.58	
Other Expenses	230,000.00	240,000.00	214,253.88	16,826.18	8,919.94	
Lease/Purchase of Police Car(s)	53,500.00	53,500.00	53,500.00			
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>						
Board of Health:						
Salaries and Wages	11,000.00	11,000.00	10,925.14		74.86	
Other Expenses	10,500.00	10,500.00	3,737.25	919.95	5,842.80	
County Health Program (C. 329, P.L. 1975)	58,686.00	58,686.00	58,685.84		0.16	

BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS (CONTINUED)</u>						
Office on Aging:						
Salaries and Wages	\$ 123,000.00	\$ 123,000.00	\$ 119,075.12		\$ 3,924.88	
Other Expenses	16,000.00	16,000.00	11,298.03	\$ 952.68	3,749.29	
Environmental Commission (N.J.S.A. 56A-1 et seq.):						
Other Expenses	5,000.00	1,850.00	95.00		1,755.00	
Animal Control:						
Other Expenses	22,000.00	22,000.00	20,910.00	450.00	640.00	
<u>PARK AND RECREATION FUNCTIONS</u>						
Board of Recreation Commissioners:						
Salaries and Wages	67,000.00	59,500.00	54,542.95		4,957.05	
Other Expenses	13,000.00	13,000.00	7,930.93	318.39	4,750.68	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	10,000.00	9,000.00	9,000.00			
Memorial Day Parade	750.00	750.00	750.00			
Senior Events	13,500.00	13,500.00	11,723.25	552.20	1,224.55	
Holiday Lighting	500.00	500.00	71.08	201.23	227.69	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.):						
Other Expenses	2,000.00	2,000.00	2,000.00			
Maintenance of Parks:						
Salaries and Wages	249,000.00	249,000.00	236,690.55		12,309.45	
Other Expenses	28,500.00	28,500.00	17,122.39	7,772.10	3,605.51	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	64,000.00	64,000.00	48,064.38	3,706.05	12,229.57	
Heat	45,000.00	45,000.00	30,761.69	6,873.15	7,365.16	
Gasoline, Lubricants and Oil	110,000.00	110,000.00	89,718.15	9,851.77	10,430.08	
Office Supplies	35,000.00	35,000.00	23,306.12	4,495.34	7,198.54	
Postage	30,000.00	30,000.00	28,788.02		1,211.98	
Sewer Department:						
Salaries and Wages	67,000.00	77,000.00	76,422.58		577.42	
Other Expenses	25,000.00	25,000.00	13,845.29	1,551.49	9,603.22	
Computer Maintenance Service Contract	25,000.00	25,000.00	18,749.30		6,250.70	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill - Contractual	515,000.00	515,000.00	427,318.52	79,223.90	8,457.58	

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</b>						
Salaries and Wages	\$ 143,000.00	\$ 143,000.00	\$ 141,024.39		\$ 1,975.61	
Other Expenses	7,500.00	7,500.00	3,444.95		4,055.05	
Accumulated Absences	35,000.00	35,000.00	35,000.00			
Total Operations within "CAPS"	\$ 10,476,763.00	\$ 10,476,763.00	\$ 9,905,963.55	\$ 283,732.59	\$ 287,066.86	
<b>CONTINGENT</b>						
	\$ 500.00	\$ 500.00			\$ 500.00	
Total Operations Including Contingent - within "CAPS"	\$ 10,477,263.00	\$ 10,477,263.00	\$ 9,905,963.55	\$ 283,732.59	\$ 287,566.86	
<b>Detail:</b>						
Salaries and Wages	\$ 6,372,555.00	\$ 6,409,705.00	\$ 6,342,405.55		\$ 67,299.45	
Other Expenses (Including Contingent)	4,104,708.00	4,067,558.00	3,563,558.00	\$ 283,732.59	220,267.41	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 268,769.00	\$ 268,769.00	\$ 246,895.21		\$ 21,873.79	
Social Security System (O.A.S.I.)	290,000.00	290,000.00	278,278.60		11,721.40	
Police & Firemen's Retirement System	746,319.00	746,319.00	746,319.00			
Defined Contribution Retirement Plan	250.00	250.00			250.00	
Total Deferred Charges and Statutory Expenditures - Expenditures - Municipal within "CAPS"	\$ 1,305,338.00	\$ 1,305,338.00	\$ 1,271,492.81		\$ 33,845.19	
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 11,782,601.00	\$ 11,782,601.00	\$ 11,177,456.36	\$ 283,732.59	\$ 321,412.05	
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Other Operations - Excluded from "CAPS":						
Sanitation:						
County Sewerage Authority Contract						
Operating and Maintenance	\$ 608,493.52	\$ 608,493.52	\$ 608,493.52			
Debt Service	488,222.40	488,222.40	488,222.40			
Maintenance of Free Public Library	449,822.36	449,822.36	429,117.83	\$ 20,704.53		
Length of Service Award Program (LOSAP)	100,000.00	100,000.00		100,000.00		
Insurance:						
Group Health Benefits (P.L. 2007 c62)	68,380.00	68,380.00	68,380.00			
Total Other Operations - Excluded from "CAPS"	\$ 1,714,918.28	\$ 1,714,918.28	\$ 1,594,213.75	\$ 120,704.53		

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Interlocal Municipal Service Agreements:						
Middlesex County Improvement/Authority:						
Recycling:	\$ 190,000.00	\$ 190,000.00	\$ 137,341.01	\$ 29,145.47	\$ 23,513.52	
Other Expenses	25,000.00	25,000.00	16,334.96	1,485.00	7,180.04	
East Brunswick - Radio Safety Communications System						
Total Interlocal Municipal Service Agreements	\$ 215,000.00	\$ 215,000.00	\$ 153,675.97	\$ 30,630.47	\$ 30,693.56	
Public and Private Programs Offset by Revenues:						
Municipal Alliance Program (P.L. 1989, C. 51):						
Alcoholism and Drug Abuse Program	\$ 15,137.00	\$ 15,137.00	\$ 15,137.00			
Municipal Alliance Program:						
Matching Funds	3,800.00	3,800.00	3,800.00			
N.J.D.E.P.E. - Office of Recycling:						
Clean Communities Act (N.J.S.A. 13:1E-99.2)		26,154.08	26,154.08			
Drunk Driving Enforcement Fund	3,739.89	3,739.89	3,739.89			
Drive Sober or Get Pulled Over Grant						
Salaries and Wages						
Green Communities Grant		60,000.00	60,000.00			
Violence Against Women Act Grant						
Prosecutor's Response to Community Concerns Grant						
Port Authority First Responder Grant		738.85	738.85			
Alcohol Education and Rehabilitation	3,214.54	3,214.54	3,214.54			
Body Armor Replacement Fund	19,556.56	19,556.56	19,556.56			
NJ Recycling Tonnage Grant						
County of Middlesex:						
Older Americans Act:						
Residential	4,000.00	4,000.00	4,000.00			
Physical Grant	2,278.00	3,700.00	3,700.00			
Office on Aging Grant - Salaries and Wages	12,000.00	12,000.00	12,000.00			
Senior Transportation	70,000.00	70,000.00	70,000.00			
Bullet Proof Vest Grant						
Middlesex County Prosecutor's 2012 Quality of Life Grant						
Matching Funds for Grants						
Total Public and Private Programs Offset by Revenues	\$ 133,725.99	\$ 222,040.92	\$ 222,040.92			
Total Operations - Excluded from "CAPS"	\$ 2,063,644.27	\$ 2,151,959.20	\$ 1,969,930.64	\$ 151,335.00	\$ 30,693.56	
Detail:						
Other Expenses	\$ 2,063,644.27	\$ 2,151,959.20	\$ 1,969,930.64	\$ 151,335.00	\$ 30,693.56	

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00			
Total Capital Improvements Excluded from "CAPS"	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00			
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>						
Payment of Bond Principal	\$ 1,010,000.00	\$ 1,010,000.00	\$ 1,010,000.00			
Payment of Bond Anticipation Notes and Capital Notes	358,000.00	358,000.00	358,000.00			0.50
Interest on Bonds	308,925.00	308,925.00	308,924.50			417.70
Interest on Notes	99,980.00	99,980.00	99,562.30			0.89
NJ DEP - Wastewater Trust - Principal - Federal	22,339.00	22,339.00	22,338.11			0.89
NJ DEP - Wastewater Trust - Interest - State	11,882.00	11,882.00	6,378.53			5,503.47
NJ DEP - Wastewater Trust - Principal - State	25,000.00	25,000.00	25,000.00			
Total Municipal Debt Service - Excluded from "CAPS"	\$ 1,836,126.00	\$ 1,836,126.00	\$ 1,830,203.44			\$ 5,922.56
<b>DEFERRED CHARGES:</b>						
Special Emergency Authorizations	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00			
Total Deferred Charges - Excluded from "CAPS"	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 4,139,770.27	\$ 4,228,085.20	\$ 4,040,134.08	\$ 151,335.00	\$ 30,693.56	\$ 5,922.56
Total General Appropriations - Excluded from "CAPS"	\$ 4,139,770.27	\$ 4,228,085.20	\$ 4,040,134.08	\$ 151,335.00	\$ 30,693.56	\$ 5,922.56
Subtotal General Appropriations	\$ 15,922,371.27	\$ 16,010,686.20	\$ 15,217,590.44	\$ 435,067.59	\$ 352,105.61	\$ 5,922.56
<b>RESERVE FOR UNCOLLECTED TAXES</b>						
Total General Appropriations	787,235.29	787,235.29	787,235.29			
Total General Appropriations	\$ 16,709,606.56	\$ 16,797,921.49	\$ 16,004,825.73	\$ 435,067.59	\$ 352,105.61	\$ 5,922.56
<b>Detail:</b>						
Budget as Adopted	\$ 16,709,606.56					
Added by NJSA 40A:4-87	88,314.93					
	<u>\$ 16,797,921.49</u>					

BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2012	2013 Levy	Added Taxes	Collection 2012	Collection 2013	Due From State of New Jersey Chap. 20, P.L. 1971	Transferred to Tax Title Liens Receivable	Remitted and Canceled	Balance December 31, 2013
2012	\$ 603,257.04		\$ 12,158.16		\$ 614,019.97	\$ 250.00		\$ 1,145.23	
	\$ 603,257.04		\$ 12,158.16		\$ 614,019.97	\$ 250.00		\$ 1,145.23	
2013		\$ 28,611,548.77		\$ 131,829.44	27,609,538.36	\$ 152,000.00	\$ 42,835.09	41,553.46	\$ 633,792.42
	\$ 603,257.04	\$ 28,611,548.77	\$ 12,158.16	\$ 131,829.44	\$ 28,223,558.33	\$ 152,250.00	\$ 42,835.09	\$ 42,698.69	\$ 633,792.42

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF TAXES RECEIVABLE AND ANALYSIS**  
**OF PROPERTY TAX LEVY**

**ANALYSIS OF PROPERTY TAX LEVY**

Tax Yield:		
General Purpose Tax		\$ 28,580,533.19
Added Taxes (54:63.1 et. seq.)		24,856.22
6% Penalty on Tax		<u>6,159.36</u>
		<u>\$ 28,611,548.77</u>

**TAX LEVY**

Local District School Tax:		
Levy, School Year July 1, 2013 to June 30, 2014		\$ 15,373,187.00
County Taxes:		
County Tax	\$ 4,688,942.36	
County Open Space Preservation Tax	398,480.87	
County Added and Omitted Taxes (54:4-63.1 & 12 et. seq.)	<u>4,091.97</u>	
Total County Taxes		<u>5,091,515.20</u>
		\$ 20,464,702.20
Local Tax for Municipal Purpose		\$ 7,670,100.60
Local Tax for Library Purpose	449,822.36	
Add: Additional Tax Levied	<u>26,923.61</u>	
Total Tax for Municipal Purpose		<u>8,146,846.57</u>
		<u>\$ 28,611,548.77</u>

**DETAIL OF PRIOR YEAR ADDED TAXES**

Added and Omitted		\$ 2,953.37
Senior Citizens' Deductions Disallowed		<u>9,204.79</u>
		<u>\$ 12,158.16</u>

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF TAX TITLE LIENS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$ 274,332.41
<u>INCREASED BY</u>		
Interest and Costs Accrued to Liens	\$ 2,696.21	
Transferred from Taxes Receivable	<u>42,835.09</u>	<u>45,531.30</u>
		\$ 319,863.71
<u>DECREASED BY</u>		
Cash Receipts:		
Delinquent Taxes	\$ 19,593.98	
Interest and Cost	<u>2,696.21</u>	<u>22,290.19</u>
<u>BALANCE, DECEMBER 31, 2013</u>		<u>\$ 297,573.52</u>

**BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Appropriation Reserves					
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	3,142.21		3,142.21		3,142.21
Mayor and Council	13.92		13.92		13.92
Borough Clerk	786.34		786.34		786.34
Elections	1,257.65		1,257.65		1,257.65
Financial Administration	886.82		886.82		886.82
Collection of Taxes	1,516.10		1,516.10		1,516.10
Assessment of Taxes	399.92		399.92		399.92
Board of Adjustment	960.69		960.69		960.69
Police	19,458.78		19,458.78		19,458.78
Special Police	1,878.00		1,878.00		1,878.00
School Guards	7,947.22		7,947.22		7,947.22
Police Dispatch/911	1,324.42		1,324.42	58.38	1,266.04
Code Enforcement	233.28		233.28		233.28
Municipal Court	4,217.90		4,217.90		4,217.90
Public Defender (P.L. 1997, C. 256)	250.00		250.00		250.00
Road Repairs and Maintenance	12,299.44		12,299.44		12,299.44
Garbage and Trash Removal	19,496.68		19,496.68		19,496.68
Vehicle Maintenance	454.57		454.57		454.57
Board of Health	343.61		343.61		343.61
Office on Aging	5,929.65		5,929.65		5,929.65
Board of Recreation Commissioners	11,339.65		11,339.65		11,339.65
Maintenance of Parks	24,179.29		24,179.29		24,179.29
Sewer Department	3,845.20		3,845.20		3,845.20
Uniform Construction Code - Appropriations	11,781.34		11,781.34		11,781.34
Offset by Dedicated Revenues (N.J.A.C. 5.23-4.17)				58.38	
Total Salaries and Wages	\$ 133,942.68		\$ 133,942.68	\$ 58.38	\$ 133,884.30

**BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Other Expenses:	\$	\$	\$	\$	\$
Operations - Within "CAPS":					
General Administration:	5,258.33	474.06	5,732.39	474.06	5,258.33
Other Expenses	302.32	6,010.65	6,312.97	6,010.65	302.32
Cable Television	2,525.00	17,509.20	20,034.20	14,506.80	5,527.40
Human Resources	1,929.06	560.00	2,489.06	560.00	1,929.06
Mayor and Council					
Borough Clerk:					
Other Expenses	3,076.84	2,853.96	5,930.80	2,847.71	3,083.09
Elections	1,344.15		1,344.15		1,344.15
Financial Administration	8,526.43	8,602.00	17,128.43	7,187.45	9,940.98
Audit Services	1,000.00	31,000.00	32,000.00	30,000.00	2,000.00
Collection of Taxes	207.79	404.00	611.79	404.00	207.79
Assessment of Taxes	6,177.95	175.00	6,352.95	175.00	6,177.95
Legal Services	1,947.40	7,350.00	9,297.40	7,350.00	1,947.40
Engineering Services and Costs	8,784.50	1,964.00	10,748.50	3,804.50	6,944.00
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)	2,194.18	407.56	2,601.74	407.56	2,194.18
Planning Board	3,556.29		3,556.29		3,556.29
Board of Adjustment					
Insurance:					
Liability Insurance	10,100.90		10,100.90		10,100.90
Group Health Benefits	270.68	18,985.72	19,256.40	18,985.72	270.68
Police	3,022.83	13,930.83	16,953.66	13,050.82	3,902.84
Special Police	2,250.00		2,250.00		2,250.00
School Guards	2,142.97		2,142.97		2,142.97
Juvenile Conference Committee	795.82		795.82		795.82
Police Dispatch - 911	112.05		112.05		112.05
Office of Emergency Management	3.45	2,702.00	2,705.45	2,150.00	555.45
Aid to Volunteer Fire Companies					
Other Expenses		17,653.17	17,653.17	17,653.17	
Clothing Allowance	7,310.00		7,310.00		7,310.00
Emergency Medical Services	502.01	4,066.16	4,568.17	4,066.16	502.01
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383)	57.48	1,453.10	1,510.58	1,453.10	57.48
Code Enforcement	1,250.91	167.00	1,417.91	934.96	482.95
Municipal Prosecutor	111.96		111.96		111.96

**BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Municipal Court	\$ 3,541.45	\$ 672.56	\$ 4,214.01	\$ 672.56	\$ 3,541.45
Road Repairs and Maintenance	46,024.91	7,897.47	33,922.38	7,277.47	26,644.91
Garbage and Trash Removal	327.18	580.97	908.15	580.97	327.18
Public Buildings and Grounds	34,766.93	22,887.04	57,653.97	22,680.04	34,973.93
Vehicle Maintenance:					
Other Expenses	13,769.83	38,765.08	52,534.91	37,110.12	15,424.79
Lease/Purchase of a Police Car(s)		6,672.11	6,672.11	6,672.11	
Board of Health					
Other Expenses	748.26		748.26		748.26
County Health Program (C.329, P.L.1975)	0.86		0.86		0.86
Office on Aging	8,017.90	47.58	8,065.48	634.13	7,431.35
Environmental Commission (N.J.S.A. 56A-1 et seq.)	13.81		13.81		13.81
Animal Control	13,317.75	3,515.00	16,832.75	2,545.00	14,287.75
Board of Recreation Commissioners	6,543.24	1,106.75	7,649.99	1,316.40	6,333.59
Celebration of Public Events, Anniversary or Holiday:					
Senior Events	1,272.96	685.49	1,958.45	685.49	1,272.96
Holiday Lighting	392.28	107.72	500.00	141.02	358.98
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.)					
Maintenance of Parks	8,581.90	1,255.50	1,255.50	1,255.50	8,581.90
Telephone	9,630.65	1,061.15	9,643.05	1,061.15	7,391.79
Heat	21,412.64	4,601.77	14,232.42	6,840.63	21,412.64
Gasoline, Lubricants and Oil	15,251.34	5,502.61	26,915.25	5,502.61	16,610.16
Office Supplies	68.54	13,813.48	29,064.82	12,454.66	91.96
Postage	3,659.85	5,565.62	5,634.16	5,542.20	3,659.85
Sewer Department	223,005.47	103,760.00	326,765.47	174,846.33	151,919.14
Computer Maintenance Service Contract	4,300.50	2,951.26	7,251.76	2,382.81	4,868.95
Sanitary Landfill - Contractual	10.29	41,800.00	61,810.29	51,602.20	10,208.09
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	2,689.01	3,936.86	6,625.87	3,176.90	3,448.97
Contingent	500.00		500.00		500.00

**BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances		
\$	16,078.16	\$ 16,078.16		\$ 16,078.16
	11,270.00	11,270.00		11,270.00
	250.00	250.00		250.00
	451.00	451.00		451.00
	\$ 132,433.22	132,433.22	\$ 132,433.22	
	100,000.00	100,000.00	74,822.16	25,177.84
	39,803.23	24,669.66	24,192.98	40,279.91
	389.84	1,409.18	1,485.01	314.01
	1,200.00	1,200.00		1,200.00
\$	562,051.08	\$ 1,224,017.57	\$ 709,935.33	\$ 514,082.24
\$	695,993.76	\$ 661,966.49	\$ 709,993.71	\$ 647,966.54

Other Expenses (Continued):  
 Operations - Within "CAPS" (Continued):  
 Deferred Charges And Statutory Expenditures - Municipal Within "CAPS":  
 Statutory Expenditures:  
 Contribution to:  
 Social Security System (O.A.S.I.)  
 Consolidated Police and Firemen's Pension Fund  
 Defined Contribution Retirement Plan  
 Operations - Excluded from "CAPS":  
 Other Operations - Excluded from "CAPS":  
 Sanitation:  
 County Sewerage Authority Contract  
 Maintenance of Free Public Library  
 Length of Service Award Program (LOSAP)  
 Interlocal Municipal Service Agreements:  
 Middlesex County Improvement Authority:  
 Recycling  
 East Brunswick - Radio Safety Communication System  
 Public and Private Programs Offset by Revenues:  
 Matching Funds for Grants

Total Other Expenses

Grand Total

**BOROUGH OF SOUTH RIVER**  
**CURRENT FUND**  
**STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

<u>BALANCE, DECEMBER 31, 2012</u>		
Payable	\$ 138,680.00	
Deferred School Taxes	<u>6,759,686.00</u>	\$ 6,898,366.00
 <u>INCREASED BY</u>		
Levy, School Year July 1, 2013 to June 30, 2014		<u>15,373,187.00</u>
		\$ 22,271,553.00
 <u>DECREASED BY</u>		
Cash Disbursed		<u>15,106,385.00</u>
 <u>BALANCE, DECEMBER 31, 2013</u>		
Payable	\$ 405,482.00	
Deferred School Taxes	<u>6,759,686.00</u>	\$ <u><u>7,165,168.00</u></u>

**BOROUGH OF SOUTH RIVER  
CURRENT FUND  
STATEMENT OF DEFERRED CHARGES**

<u>Date</u>	Amount Authorized	1/5 of Amount Authorized	Balance December 31, 2012	2013 Budget Appropriation	<u>Reimbursements</u>
11/19/12	\$ 450,000.00	\$ 90,000.00	\$ 450,000.00	\$ 90,000.00	\$ 360,000.00
Special Emergency (N.J.S.A. 40A:4-54) - Extraordinary Expenses Resulting from Super Storm Sandy	\$ 450,000.00	\$ 90,000.00	\$ 450,000.00	\$ 90,000.00	\$ 360,000.00

**BOROUGH OF SOUTH RIVER  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, 2012	2013 Budget Revenue Realized	Cash Received	Decreased by Transfer from Unappropriated Reserve	Canceled	Balance December 31, 2013
Federal:						
County of Middlesex:						
Office on Aging Grant:						
HCD:						
2013		\$ 12,000.00	\$ 12,000.00			
Physical:						
2013		3,700.00	1,886.00			\$ 1,814.00
Residential Maintenance:						
2013		4,000.00	3,297.00			703.00
2012	\$ 4,000.00		4,000.00			
Senior Transportation		70,000.00				70,000.00
2013						
Violence Against Women Act Grant:						
2013		60,000.00	60,000.00			60,000.00
2012	60,000.00		5,000.00			
Prosecutor's Response to Community Concerns Grant						
2013		\$ 149,700.00	\$ 86,183.00			\$ 132,517.00
2012	\$ 69,000.00					
State:						
Drunk Driving Enforcement Fund						
Alcohol Education and Rehabilitation Program						
Municipal Alliance on Alcoholism and Drug Abuse:						
2013		\$ 3,739.89	\$ 738.85	\$ 3,739.89		
2012		738.85				
Clean Communities Program:						
2013		15,137.00	13,210.74			\$ 1,926.26
2012	\$ 2,412.17		2,412.17			
Body Armor Replacement Fund						
Green Communities Grant						
Recycling Tonnage Grant						
Bulletproof Vest Partnership						
2013		26,154.08	26,154.08		\$ 442.08	
2012	442.08					
2013		3,214.54		3,214.54		
2012	3,000.00				3,000.00	
2013		19,556.56	2,408.25			2,774.25
2012	5,182.50					
2013		\$ 68,540.92	\$ 44,924.09	\$ 26,510.99	\$ 3,442.08	\$ 4,700.51
2012	\$ 11,036.75					
2013		\$ 218,240.92	\$ 131,107.09	\$ 26,510.99	\$ 3,442.08	\$ 137,217.51
2012	\$ 80,036.75					
Detail:						
Adopted Budget		\$ 129,925.99				
Added by NJSA 40A:4-87		88,314.93				
		<u>\$ 218,240.92</u>				

**BOROUGH OF SOUTH RIVER  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF APPROPRIATED RESERVES**

	Balance December 31, 2012	Transferred from 2013 Budget		Paid or Charged		Balance December 31, 2013
		Budget	Appropriation by 40A.4-87	Cash Disbursed	Reserve for Encumbrances/ (Canceled)	
<b>Federal:</b>						
Passed Through County of Middlesex:						
Office on Aging:						
HCD:						
2013:		\$ 12,000.00		\$ 12,000.00		
Physical:						
2013:		2,278.00	\$ 1,422.00	1,886.00	\$ 1,258.00	\$ 556.00
Residential Maintenance:						
2013:		4,000.00		3,993.52		6.48
Senior Transportation:						
2013:		70,000.00			70,000.00	
Violence Against Women Act Grant						
2013:		88,278.00	60,000.00			60,000.00
		<u>\$ 88,278.00</u>	<u>\$ 61,422.00</u>	<u>\$ 17,879.52</u>	<u>\$ 71,258.00</u>	<u>\$ 60,562.48</u>
<b>State:</b>						
Municipal Alliance on Alcoholism and Drug Abuse:						
Grant Portion:						
2012:	\$ 2,412.17			2,412.17		
2013:		15,137.00		13,210.74		1,926.26
Matching Portion:						
2013:		3,800.00		3,800.00		
Drunk Driving Enforcement Fund:						
2008:	4,603.71			4,603.71		2,214.43
2009:	3,708.47			3,708.47		7,619.07
2010:	7,353.05			5,138.62		3,739.89
2012:	7,619.07					
2013:		3,739.89				
Clean Communities Program:						
2010:	6,126.94			6,126.94		
2011:	22,651.29			22,651.29		
2012:	22,718.30			5,312.61		11,610.05
2013:	5,399.84		\$ 26,154.08	674.18	\$ 5,353.56	25,479.90
Clean Communities - Reserved						5,399.84

**BOROUGH OF SOUTH RIVER  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF APPROPRIATED RESERVES**

	Balance December 31, 2012	Transferred from 2013 Budget Appropriations	Budget	Appropriation by 40A.4-87	Paid or Charged	Reserve for Encumbrances/ (Canceled)	Canceled	Balance December 31, 2013
					Cash Disbursed			
State (Continued):								
Body Armor Replacement Fund	\$ 11,476.32		\$ 3,214.54		\$ 1,092.00	\$ 3,276.00		\$ 10,322.86
Port Authority First Responder Grant	244.60							244.60
Green Communities Grant	3,000.00							
Recycling Tonnage Grant:								
2010	259.69				259.69			5,470.72
2011	24,557.70				16,671.98	2,415.00		24,879.03
2012	24,879.03							19,556.56
2013			19,556.56					
Alcohol Education and Rehabilitation Program:								
2000	656.93				656.93			156.67
2001	749.74				593.07			57.03
2002	57.03							868.20
2003	868.20							567.83
2006	567.83							1,465.89
2007	1,465.89							1,392.18
2008	1,392.18							788.96
2010	788.96							1,055.73
2011	1,055.73							161.89
2012	161.89							738.85
2013				\$ 738.85				
Bullet-Proof Vest Grant:								
2011	795.00				795.00			2,335.50
2012	2,632.50				297.00			
	<u>\$ 158,202.16</u>		<u>\$ 45,447.99</u>	<u>\$ 26,892.93</u>	<u>\$ 88,004.40</u>	<u>\$ 11,044.56</u>	<u>\$ 3,442.08</u>	<u>\$ 128,052.04</u>
	<u>\$ 158,202.16</u>		<u>\$ 133,725.99</u>	<u>\$ 88,314.93</u>	<u>\$ 105,883.92</u>	<u>\$ 82,902.56</u>	<u>\$ 3,442.08</u>	<u>\$ 188,614.52</u>

**BOROUGH OF SOUTH RIVER  
FEDERAL AND STATE GRANT FUND  
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance December 31, 2012	Transferred to 2013 Budget Appropriations Budget	Received	Balance December 31, 2013
State:				
Recycling Tonnage Grant	\$ 19,566.56	\$ 19,556.56	\$ 23,732.85	\$ 23,742.85
Drunk Driving Enforcement Fund	3,739.89	3,739.89	4,572.92	4,572.92
Body Armor Replacement Fund	<u>3,214.54</u>	<u>3,214.54</u>	<u>3,924.95</u>	<u>3,924.95</u>
	<u>\$ 26,520.99</u>	<u>\$ 26,510.99</u>	<u>\$ 32,230.72</u>	<u>\$ 32,240.72</u>
	<u>\$ 26,520.99</u>	<u>\$ 26,510.99</u>	<u>\$ 32,230.72</u>	<u>\$ 32,240.72</u>

**BOROUGH OF SOUTH RIVER  
TRUST AND AGENCY FUNDS  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -  
REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012**

	Payroll Fund		Animal Control		Trust Other Fund #1		Trust Other Fund #2		Tax Title Lien Premium	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 10,912.57	\$ 9,189.27	\$ 20,573.40	\$ 18,014.45	\$ 594,877.84	\$ 618,484.28	\$ 518,064.53	\$ 537,326.72	\$ 302,539.60	\$ 34,585.60
Funds Held by Plan Administrator (Unaudited)							74.00	272.50		
Due from Municipal Court							593.51	3,169.39		
Due from Vendor										
<b>Total Assets</b>	<b>\$ 10,912.57</b>	<b>\$ 9,189.27</b>	<b>\$ 20,573.40</b>	<b>\$ 18,014.45</b>	<b>\$ 594,877.84</b>	<b>\$ 618,484.28</b>	<b>\$ 518,732.04</b>	<b>\$ 540,768.61</b>	<b>\$ 302,539.60</b>	<b>\$ 34,585.60</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>										
Due to Vendor	\$ 10,912.57	\$ 9,189.27					\$ 23,448.84	\$ 18,629.28		
Payroll Deductions Payable			\$ 1.20							
Due to State of New Jersey Reserves			\$ 20,573.40	\$ 18,013.25	\$ 593,307.61	\$ 616,914.05	\$ 431,001.35	\$ 417,857.48	\$ 302,539.60	\$ 34,585.60
Fund Balance	\$ 10,912.57	\$ 9,189.27	\$ 20,573.40	\$ 18,014.45	\$ 593,307.61	\$ 616,914.05	\$ 454,450.19	\$ 436,486.76	\$ 302,539.60	\$ 34,585.60
					1,570.23	1,570.23	64,281.85	104,281.85		
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 10,912.57</b>	<b>\$ 9,189.27</b>	<b>\$ 20,573.40</b>	<b>\$ 18,014.45</b>	<b>\$ 594,877.84</b>	<b>\$ 618,484.28</b>	<b>\$ 518,732.04</b>	<b>\$ 540,768.61</b>	<b>\$ 302,539.60</b>	<b>\$ 34,585.60</b>

**BOROUGH OF SOUTH RIVER  
TRUST AND AGENCY FUNDS  
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -  
REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012**

	Law Enforcement 2013	2012	Electric Consumer Deposits 2013	2012	Unemployment 2013	2012	Length of Service Awards (LOSAP) (Unaudited) 2013	2012	Totals (Memorandum Only) 2013	2012
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 19,108.45	\$ 20,919.31	\$ 835,737.92	\$ 841,441.33	\$ 57,218.19	\$ 66,572.47			\$ 2,359,032.50	\$ 2,146,533.43
Funds Held by Plan Administrator (Unaudited)							\$ 799,335.99	\$ 657,365.31	799,335.99	657,365.31
Due from Municipal Court								74.00	74.00	272.50
Due from Vendor								593.51	593.51	3,169.39
<b>Total Assets</b>	<b>\$ 19,108.45</b>	<b>\$ 20,919.31</b>	<b>\$ 835,737.92</b>	<b>\$ 841,441.33</b>	<b>\$ 57,218.19</b>	<b>\$ 66,572.47</b>	<b>\$ 799,335.99</b>	<b>\$ 657,365.31</b>	<b>\$ 3,159,036.00</b>	<b>\$ 2,807,340.63</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>										
Due to Vendor									23,448.84	18,629.28
Payroll Deductions Payable									10,912.57	9,189.27
Due to State of New Jersey Reserves	\$ 19,108.45	\$ 20,919.31	\$ 835,737.92	\$ 841,441.33	\$ 57,218.19	\$ 66,572.47	\$ 799,335.99	\$ 657,365.31	3,058,822.51	2,673,668.80
<b>Fund Balance</b>	<b>\$ 19,108.45</b>	<b>\$ 20,919.31</b>	<b>\$ 835,737.92</b>	<b>\$ 841,441.33</b>	<b>\$ 57,218.19</b>	<b>\$ 66,572.47</b>	<b>\$ 799,335.99</b>	<b>\$ 657,365.31</b>	<b>\$ 3,093,183.92</b>	<b>\$ 2,701,488.55</b>
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 19,108.45</b>	<b>\$ 20,919.31</b>	<b>\$ 835,737.92</b>	<b>\$ 841,441.33</b>	<b>\$ 57,218.19</b>	<b>\$ 66,572.47</b>	<b>\$ 799,335.99</b>	<b>\$ 657,365.31</b>	<b>\$ 3,159,036.00</b>	<b>\$ 2,807,340.63</b>

**BOROUGH OF SOUTH RIVER  
TRUST OTHER FUND  
STATEMENT OF VARIOUS RESERVES - TRUST FUND #1**

	Balance December 31, 2012	Increased by	Decreased by	Balance December 31, 2013
Reserve for:				
Deposits and Performance Bonds	\$ 50,668.88	\$ 1,130.86	\$ 31,481.34	\$ 20,318.40
Engineering Inspection Fees	21,790.35	1,714.28	11,853.18	11,651.45
Street Opening Deposits	16,467.00	3,000.00	4,000.00	15,467.00
Developer's Escrow	118,999.69	81,929.89	65,675.11	135,254.47
Dumpster Permits	200.00	1,000.00	600.00	600.00
Affordable Housing	408,788.13	1,228.16		410,016.29
	<u>\$ 616,914.05</u>	<u>\$ 90,003.19</u>	<u>\$ 113,609.63</u>	<u>\$ 593,307.61</u>

**BOROUGH OF SOUTH RIVER  
TRUST OTHER FUND  
STATEMENT OF VARIOUS RESERVES - TRUST FUND #2**

	Balance December 31, 2012	Increased by	Decreased by	Balance December 31, 2013
Reserve for:				
ABC License - Buy Back	\$ 96,607.00	\$ 4,000.00		\$ 100,607.00
Recreation Commission (Per N.J.S.A. 40A:4-39)	58,182.69	24,935.00	27,284.07	55,833.62
Recreation Commission - Recycling (Per N.J.S.A. 40A:4-39)	476.83			476.83
Water Front Development	3,000.00			3,000.00
Parking Offenses Adjudication Act (Per N.J.S.A. 40:4-39)	7,848.00	702.00		8,550.00
Shade Tree	1,193.85			1,193.85
Senior Program	11,976.19	2,815.00	3,542.61	11,248.58
Older Americans Act - Donations	1,681.20	1,422.89	361.50	2,742.59
Senior Program - Trips	29,168.87	9,421.00	7,711.80	30,878.07
Off Duty Police Services	62,492.45	63,211.00	63,211.00	62,492.45
Fire Prevention - Code Deposit	6,115.00	26,026.98	32,261.09	56,258.34
Fire Prevention - Fire Lane Deposit	4,433.09	700.00		6,815.00
Fire Department - Code Deposit	19,953.31	7,927.00	10,776.00	1,584.09
Municipal Alliance Donations	27,646.12	31,446.91	29,556.41	21,843.81
Public Defender Fees	9,416.84	7,335.00	6,727.81	28,253.31
Cultural Arts Commission	3,237.64	2,125.00	3,992.04	7,549.80
Special Events	5,640.72	2,373.00	1,540.92	4,069.72
September 11, 2001 Memorial	38,855.97			38,855.97
Board of Health Donations	29,784.05	28,118.40	30,829.58	36,144.79
Accumulated Absences	147.66	105,000.00	86,995.62	47,788.43
Miscellaneous Reserves	417,857.48	23,500.00	23,124.86	522.80
	<u>\$ 417,857.48</u>	<u>\$ 341,059.18</u>	<u>\$ 327,915.31</u>	<u>\$ 431,001.35</u>

**BOROUGH OF SOUTH RIVER**  
**ANIMAL CONTROL TRUST FUND**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

<u>BALANCE, DECEMBER 31, 2012</u>		\$ 18,013.25
<u>INCREASED BY</u>		
Dog License Fees - Borough Share	\$ 10,231.00	
Cat License Fees - Borough Share	295.00	
Late Fees and Other Charges	<u>1,335.00</u>	<u>11,861.00</u>
		\$ 29,874.25
<u>DECREASED BY</u>		
Expenditures	\$ 3,338.55	
Statutory Excess Due to Current Fund	<u>5,962.30</u>	<u>9,300.85</u>
<u>BALANCE, DECEMBER 31, 2013</u>		<u>\$ 20,573.40</u>

BOROUGH LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2011	\$ 10,254.00
2012	<u>10,319.40</u>
	<u>\$ 20,573.40</u>

AUDITOR'S NOTE:

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

**BOROUGH OF SOUTH RIVER**  
**TRUST OTHER FUND**  
**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

	Balance December 31, 2012	Increased by		Decreased by	Balance December 31, 2013
		Borough's Share	Payroll Deductions	Disbursements	
Federal Withholding Tax			\$ 1,129,893.16	\$ 1,129,893.16	
FICA and Medicare			452,298.01	904,595.95	
State of New Jersey Withholding Tax		\$ 452,297.94	292,838.65	292,838.65	
Public Employees Retirement System			310,385.93	310,737.57	
PERS Back Deduction	\$ 351.64		5,782.23	5,782.23	
PERS Loan			61,457.03	61,457.03	
PERS Contributory Group Insurance			23,022.83	23,084.28	
PERS Back Contributory Group Insurance	61.45		351.29	351.29	
PERS Arrears			2,351.28	2,351.28	
Police and Firemen's Retirement System			312,513.37	313,630.04	\$ (926.67)
PFRS Loan	190.00		196,510.67	196,564.74	(54.07)
State Unemployment Tax			20,637.33	20,637.33	
Christmas Club			15,775.00	15,775.00	
Superior Officer Association Dues			5,810.00	5,810.00	
Police Benevolent Association Dues			16,320.00	16,320.00	
I.B.E.W.			5,180.00	5,180.00	
I.U.U.T Dues			11,676.01	11,676.01	
Garnishment			65,721.48	65,721.48	
Employee Health Benefit Contribution			146,672.60	143,365.47	
Disability	8,586.18		40,531.28	40,531.28	11,893.31
Dental			53,266.58	53,266.58	
Flexible Spending Account			5,576.82	5,576.82	
Deferred Compensation			44,300.00	44,300.00	
	<u>\$ 9,189.27</u>	<u>\$ 452,297.94</u>	<u>\$ 3,218,871.55</u>	<u>\$ 3,669,446.19</u>	<u>\$ 10,912.57</u>

**BOROUGH OF SOUTH RIVER**  
**TRUST OTHER FUND**  
**STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT**  
**COMPENSATION INSURANCE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	66,572.47
<u>INCREASED BY</u>			
Due from Electric Utility Operating Fund	\$		4,098.09
Due from Water Utility Operating Fund			2,398.73
Interest Earned			78.44
			<u>6,575.26</u>
		\$	73,147.73
<u>DECREASED BY</u>			
Unemployment Compensation Paid			<u>15,929.54</u>
<u>BALANCE, DECEMBER 31, 2013</u>		\$	<u><u>57,218.19</u></u>

**BOROUGH OF SOUTH RIVER**  
**TRUST OTHER FUND**  
**STATEMENT OF RESERVE FOR**  
**ELECTRIC UTILITY CONSUMER DEPOSITS**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	841,441.33
 <u>INCREASED BY</u>			
Deposits	\$	113,100.00	
Interest Earned		1,918.65	
Cancelation of Outstanding Checks		<u>1,189.19</u>	<u>116,207.84</u>
			\$ 957,649.17
 <u>DECREASED BY</u>			
Refunded			<u>121,911.25</u>
 <u>BALANCE, DECEMBER 31, 2013</u>		\$	<u><u>835,737.92</u></u>

**BOROUGH OF SOUTH RIVER**  
**TRUST OTHER FUND**  
**LAW ENFORCEMENT TRUST FUND**  
**STATEMENT OF RESERVE**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	20,919.31
<u>INCREASED BY</u>		
Interest Earned		1.39
		<hr style="width: 100%;"/>
	\$	20,920.70
<u>DECREASED BY</u>		
Expenditures		1,812.25
		<hr style="width: 100%;"/>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u><u>19,108.45</u></u>

**BOROUGH OF SOUTH RIVER**  
**TRUST OTHER FUND**  
**STATEMENT OF RESERVE FOR**  
**TAX TITLE LIEN PREMIUM/REDEMPTION**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	34,585.60
<u>INCREASED BY</u>		
Cash Received		275,654.00
	\$	310,239.60
<u>DECREASED BY</u>		
Refunded		7,700.00
<u>BALANCE, DECEMBER 31, 2013</u>	\$	302,539.60

**BOROUGH OF SOUTH RIVER**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ <u>1,978,357.75</u>	\$ <u>2,506,058.49</u>
Intergovernmental Accounts Receivable	\$ <u>723,188.61</u>	\$ <u>577,058.48</u>
Deferred Charges to Future Taxation:		
Funded	\$ 7,264,508.33	\$ 8,321,846.44
Unfunded	<u>15,239,891.38</u>	<u>15,887,930.19</u>
	\$ <u>22,504,399.71</u>	\$ <u>24,209,776.63</u>
 Total Assets	 \$ <u><u>25,205,946.07</u></u>	 \$ <u><u>27,292,893.60</u></u>

**BOROUGH OF SOUTH RIVER**  
**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES**  
**AND FUND BALANCE - REGULATORY BASIS**  
**AS OF DECEMBER 31, 2013 AND 2012**

<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>	Balance December 31, <u>2013</u>	Balance December 31, <u>2012</u>
Serial Bonds	\$ <u>6,935,000.00</u>	\$ <u>7,945,000.00</u>
Bond Anticipation Notes	\$ <u>10,756,000.00</u>	\$ <u>9,998,000.00</u>
Loans Payable	\$ <u>329,508.33</u>	\$ <u>376,846.44</u>
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 407,946.33	\$ 267,946.33
Reserve for Encumbrances	1,614,413.15	1,800,745.35
Reserve for Fire Hoses, Appropriated	<u>224.82</u>	<u>224.82</u>
	\$ <u>2,022,584.30</u>	\$ <u>2,068,916.50</u>
Reserve for Grants Receivable	\$ <u>64,430.19</u>	\$ <u>64,430.19</u>
Improvement Authorizations:		
Funded	\$ 403,533.09	\$ 341,724.07
Unfunded	<u>4,314,209.43</u>	<u>6,135,163.49</u>
	\$ <u>4,717,742.52</u>	\$ <u>6,476,887.56</u>
Fund Balance	\$ <u>380,680.73</u>	\$ <u>362,812.91</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>25,205,946.07</u></u>	\$ <u><u>27,292,893.60</u></u>

There were Bonds and Notes Authorized but not Issued of \$4,483,891.38 at December 31, 2013.



**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Description	Balance December 31, 2012	Receipts		Disbursements		Transfer From	To	Balance December 31, 2013
			Bond Anticipation Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous			
		\$		\$					
09-32	Various Federal Housing and Community Development Grant Improvements	482.00				482.00			
09-40	Various Federal Housing and Community Development Grant Improvements	2,880.19			27,714.56		24,834.37		
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	33,323.41	125,000.00	18,113.87	480.71			3,813.72	36,350.18
10-31	Various Federal Housing and Community Development Grant Improvements	21,482.06				21,482.06			101,535.61
11-10	Improvements to Kamm Avenue Section I	101,535.61							31,200.00
12-02	Various Federal Housing and Community Development Grant Improvements	61,848.31				30,648.31			
12-17	Acquisition of Various Capital Equipment and Improvements	(5,598.61)	50,000.00		1,588.59				(36,407.73)
12-22	Improvements to Kamm Avenue Section II	152,188.83	71,000.00		15,339.38			32,231.52	22,085.40
12-27	Improvements to the Radio Communication system	(508,894.84)	570,000.00			38,900.16			24,205.00
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	(9,914.00)		470,038.81	3,261.25				(483,614.05)
13-06	Various Federal Housing and Community Development Grant Improvements					23,253.52		50,701.00	27,447.48
13-21	Various Federal Housing and Community Development Grant Improvements							72,744.00	72,744.00
13-22	Various Road, Curb, Sidewalk and Concrete Improvements					78,394.00		320,000.00	241,606.00
		\$ 2,506,058.49	\$ 1,116,000.00	\$ 1,009,782.44	\$ 52,022.25	\$ 2,801,460.93	\$ 2,857,069.99	\$ 2,857,069.99	\$ 1,978,357.75

Bracketed Amount Denotes Deficit.

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Ordinance Number	Description	Balance December 31, 2012	Granted/ Adjusted	Cash Receipts	Balance December 31, 2013
County of Middlesex:					
HCD Funds:					
08-31	Park Improvements	\$ 961.85		\$ 961.85	
09-40	Various Improvements	2,880.19		2,880.19	
10-31	Various Improvements	21,964.06		21,964.06	
12-02	Various Improvements	61,848.31		30,648.31	\$ 31,200.00
13-06	Various Improvements		\$ 50,701.00	23,253.52	27,447.48
13-21	Various Improvements		72,744.00		72,744.00
	Total HCD Funds:	\$ 87,654.41	\$ 123,445.00	\$ 79,707.93	\$ 131,391.48
State of New Jersey - Department of Transportation:					
N/A	William Street Reserved	\$ 64,430.19			\$ 64,430.19
11-10	Improvements to Kamm Avenue Section I Unreserved	224,973.88		\$ 100,173.09	124,800.79
12-22	Improvements to Kamm Avenue Section II Unreserved	200,000.00		107,433.85	92,566.15
13-22	Improvements to Kamm Avenue Section III Unreserved		\$ 310,000.00		310,000.00
	Total NJDOT	\$ 489,404.07	\$ 310,000.00	\$ 207,606.94	\$ 591,797.13
		\$ 577,058.48	\$ 433,445.00	\$ 287,314.87	\$ 723,188.61
Detail:					
	Reserved: NJ DOT	\$ 64,430.19			\$ 64,430.19
	Unreserved: Middlesex County HCD	87,654.41	\$ 123,445.00	\$ 79,707.93	131,391.48
	NJ DOT	424,973.88	310,000.00	207,606.94	527,366.94
		\$ 577,058.48	\$ 433,445.00	\$ 287,314.87	\$ 723,188.61

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Orinance Number	Description	Balance December 31, 2012	2013 Authorizations	Decreased By		Balance December 31, 2013	Bond Anticipation Notes	Analysis of Balance December 31, 2013		Unexpended Improvement Authorizations
				2013 Budget Appropriation	Cash Received			Expenditures		
05-41/09-29	Road Improvements to Washington Street	\$ 36,750.00		\$ 3,000.00		\$ 33,750.00	\$ 33,750.00			
06-39/09-30	Reconstruction of Burton Ave Section I	101,250.00		6,000.00		95,250.00	95,250.00			
07-21/08-51	Streets and Roads Milling and Paving	233,000.00		14,000.00		219,000.00	219,000.00			
07-22/08-49	Drainage Improvements - Paul and Wilcox	272,000.00		16,000.00		256,000.00	256,000.00			
07-23	Acquisition of Firefighting Equipment	73,000.00		11,000.00		62,000.00	62,000.00			
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.	48,000.00		2,000.00		46,000.00	19,000.00	\$	\$	27,000.00
08-19/11-20/13-14	Planning, Site acquisition and Construction of Municipal Facilities	4,267,000.00		93,000.00		4,174,000.00	3,799,000.00			375,000.00
08-25/08-46	Acquisition various Equipment Road and Drainage Improvements and various other Improvements - 2008	1,584,000.00		77,000.00		1,507,000.00	1,455,000.00			52,000.00
08-50/09-39/11-32	Acquisition of various Equipment, Road Improvements and various other Improvements	849,500.00		43,000.00		806,500.00	673,000.00			133,500.00
10-09/11-26/13-09	Acquisition of various Equipment, Road Improvements and various other Improvements	3,303,430.19		93,000.00		3,210,430.19	2,982,000.00			228,430.19
11-10	Improvements to Kamm Avenue Section I	71,000.00				71,000.00	71,000.00			
12-17	Acquisition of Various Capital Equipment and Improvements	908,000.00				908,000.00	450,000.00	\$	36,407.73	421,592.27
12-22	Improvements to Kamm Avenue Section II	71,000.00				71,000.00	71,000.00			
12-27	Improvements to the Radio Communication System	570,000.00				570,000.00	570,000.00			
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	3,500,000.00				3,029,961.19		\$	470,038.81	2,546,347.14
13-22	Various Road, Curb, Sidewalk and Concrete Improvements					180,000.00				180,000.00
		\$ 15,867,930.19	\$ 180,000.00	\$ 358,000.00	\$ 470,038.81	\$ 15,239,891.38	\$ 10,756,000.00	\$	\$ 520,021.78	\$ 3,963,869.60

Analysis of Balance:  
 Improvement Authorizations, Unfunded \$ 4,314,209.43  
 Unexpended Balance of Bond Anticipation Note Proceeds 350,339.83  
 \$ 3,963,869.60

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF SERIAL BONDS**

Purpose	Date of Original Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2013	Interest Rate	Balance December 31, 2012	Decreased By	Balance December 31, 2013
General Obligation Bonds Series 2007	12/3/07	\$ 8,405,000.00	12/1/14 \$ 525,000.00	4.125%			
			12/1/15 675,000.00	4.125%			
			12/1/16 725,000.00	4.125%			
			12/1/2017-18 750,000.00	4.125%	\$ 6,880,000.00	\$ 455,000.00	\$ 6,425,000.00
			12/1/2019-22 750,000.00	4.250%			
Refunding Bonds - 2010	6/22/10	2,625,000.00	10/1/14 510,000.00	2.000%	1,065,000.00	555,000.00	510,000.00
					<u>\$ 7,945,000.00</u>	<u>\$ 1,010,000.00</u>	<u>\$ 6,935,000.00</u>

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES**

Ordinance Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2012	Increased By Bond Anticipation Notes Issued	Decreased by Budget Appropriation	Balance December 31, 2013
05-41/09-29	Road Improvements to Washington Street	12/22/09	12/18/13	12/17/14	1.25%	\$ 36,750.00		\$ 3,000.00	\$ 33,750.00
06-39/09-30	Reconstruction of Burton Ave Section I	12/22/09	12/18/13	12/17/14	1.25%	101,250.00		6,000.00	95,250.00
07-21/08-51	Streets and Roads - Milling and Paving	12/23/08	12/18/13	12/17/14	1.25%	233,000.00		14,000.00	219,000.00
07-22/08-49	Drainage Improvements - Paul and Wilcox	12/23/08	12/18/13	12/17/14	1.25%	272,000.00		16,000.00	256,000.00
07-23	Acquisition of Firefighting Equipment	12/23/08	12/18/13	12/17/14	1.25%	73,000.00		11,000.00	62,000.00
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	12/23/08	12/18/13	12/17/14	1.25%	21,000.00		2,000.00	19,000.00
08-19/11-20/ 13-14	Planning, Site Acquisition and Construction of Municipal Facilities	12/22/09	12/18/13	12/17/14	1.25%	292,000.00		8,000.00	284,000.00
08-19/11-20/ 13-14	Planning, Site Acquisition and Construction of Municipal Facilities	12/21/10	12/18/13	12/17/14	1.25%	3,300,000.00		85,000.00	3,215,000.00
08-19/11-20/ 13-14	Planning, Site Acquisition and Construction of Municipal Facilities	12/18/13	12/18/13	12/17/14	1.25%		\$ 300,000.00		300,000.00
08-25/08-46	Acquisition of Various Equipment, Road Improvements and various other Improvements	12/23/08	12/18/13	12/17/14	1.25%	1,532,000.00		77,000.00	1,455,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/22/09	12/18/13	12/17/14	1.25%	366,000.00		34,000.00	332,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/21/10	12/18/13	12/17/14	1.25%	100,000.00		9,000.00	91,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	12/20/11	12/18/13	12/17/14	1.25%	250,000.00			250,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/21/10	12/18/13	12/17/14	1.25%	2,600,000.00		93,000.00	2,507,000.00

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased By Bond Anticipation Notes Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2013</u>
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/11	12/18/13	12/17/14	1.25%	\$ 250,000.00			\$ 250,000.00
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/19/12	12/18/13	12/17/14	1.25%	100,000.00			100,000.00
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/18/13	12/18/13	12/17/14	1.25%		\$ 125,000.00		125,000.00
11-10	Improvements to Kamm Avenue Section I	12/20/11	12/18/13	12/17/14	1.25%	71,000.00			71,000.00
12-17	Acquisition of Various Capital Equipment and Improvements	12/19/12	12/18/13	12/17/14	1.25%	400,000.00			400,000.00
12-17	Acquisition of Various Capital Equipment and Improvements	12/18/13	12/18/13	12/17/14	1.25%		50,000.00		50,000.00
12-22	Improvements to Kamm Avenue Section II	12/18/13	12/18/13	12/17/14	1.25%		71,000.00		71,000.00
12-27	Improvements to the Radio Communication System	12/18/13	12/18/13	12/17/14	1.25%		570,000.00		570,000.00
						<u>\$ 9,998,000.00</u>	<u>\$ 1,116,000.00</u>	<u>\$ 358,000.00</u>	<u>\$ 10,756,000.00</u>

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF LOANS PAYABLE -  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased by	Balance December 31, 2013
			Date	Amount				
Sewer System Improvements - State Portion	11/01/00	\$ 430,000.00	08/01/14	\$ 25,000.00	5.00%	\$ 230,000.00	\$ 25,000.00	\$ 205,000.00
			08/01/15	25,000.00	5.125%			
			08/01/16	30,000.00	5.125%			
			08/01/17	30,000.00	5.250%			
			08/01/18	30,000.00	5.250%			
			08/01/19	30,000.00	5.250%			
			08/01/20	35,000.00	5.250%			
						<u>\$ 230,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 205,000.00</u>
Sewer System Improvements - Federal Portion	11/01/00	\$ 425,000.00	02/01/14	\$ 3,219.55	-	\$ 146,846.44	\$ 22,338.11	\$ 124,508.33
			08/01/14	18,361.46	-			
			02/01/15	2,841.00	-			
			08/01/15	17,982.92	-			
			02/01/16	2,452.99	-			
			08/01/16	20,623.29	-			
			02/01/17	1,987.37	-			
			08/01/17	20,157.67	-			
			02/01/18	1,510.40	-			
			08/01/18	19,680.70	-			
			02/01/19	1,033.43	-			
			08/01/19	14,657.55	-			
						<u>\$ 146,846.44</u>	<u>\$ 22,338.11</u>	<u>\$ 124,508.33</u>
						<u>\$ 376,846.44</u>	<u>\$ 47,338.11</u>	<u>\$ 329,508.33</u>

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Date	Ordinance Amount	Balance December 31, 2012		2013 Authorizations	Reserve for Encumbrances Canceled	Reimbursement	Paid or Charged	Transfer	Canceled	Balance December 31, 2013	
				Funded	Unfunded							Funded	Unfunded
00-23	Renovation to Police and Municipal Court Building	07/19/00	\$ 2,250,000.00	\$ 2,364.17					\$ 2,364.17				
01-24/03-13	Renovations to the Gordon Street Administration Building	07/16/01, 07/07/03	712,500.00	15,000.00					15,000.00				
07-23	Acquisition of Firefighting Equipment	08/27/07	100,000.00	\$ 6,300.60				\$ 58.87				\$ 6,241.73	
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.	03/10/08	245,000.00	34,648.99				1.57				34,647.42	
08-19/11-20/13-14	Planning, Site Acquisition and Construction of Municipal Facilities	04/28/08	4,500,000.00	1,156,342.28		\$ 125.00		766,514.45				391,952.83	
08-25/08-46	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	07/14/08, 12/23/08	1,830,000.00	201,168.67				114.60				201,055.07	
08-50/09-39/11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/23/08, 09/14/09, 10/11/11	1,180,000.00	150,355.80				53.60				150,302.20	
09-31/09-54	Removal and Replacement of Emergency Generators	07/27/09, 12/28/09	277,000.00	54,942.90					54,942.90				
09-32	Various Federal Housing and Community Development Grant Improvements	07/27/09	95,500.00	482.00				\$ (482.00)					
09-40	Various Federal Housing and Community Development Grant Improvements	09/29/09	81,900.00	2,880.19				27,714.56		24,834.37			
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	04/26/10, 08/08/11	3,720,500.00	386,753.60		3,813.72		143,900.82				18,113.87	264,780.37
10-31	Various Federal Housing and Community Development Grant Improvements	10/12/10	67,000.00	21,482.06					(21,482.06)				
11-10	Improvements to Kamm Avenue Section I (NJDOT \$400,000)	04/11/11	475,000.00	30,535.61								\$ 30,535.61	71,000.00
12-02	Various Federal Housing and Community Development Grant Improvements	02/13/12	61,848.31	61,848.31				27,778.00		(2,870.31)			31,200.00

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Date	Ordinance Amount	Balance December 31, 2012		2013 Authorizations	Reserve for Encumbrances Canceled	Reimbursement	Paid or Charged	Transfer	Canceled	Balance December 31, 2013	
				Funded	Unfunded							Funded	Unfunded
12-17	Acquisition of Various Capital Equipment and Improvements	07/23/12	\$ 956,000.00	\$ 502,401.39				\$ 80,809.12				\$ 421,592.27	
12-22	Improvements to Kamm Avenue Section II (NJDOT \$200,000)	08/27/12	275,000.00	71,000.00				201,103.43				22,085.40	
12-27	Improvements to the Radio Communication System	10/22/12	600,000.00	63,105.16				38,900.16				24,205.00	
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	12/17/12	3,500,000.00	3,490,086.00				843,738.86				2,546,347.14	
13-06	Various Federal Housing and Community Development Grant Improvements	03/11/13	50,701.00		\$ 50,701.00			23,253.52			\$ 27,447.48		
13-21	Various Federal Housing and Community Development Grant Improvements	11/12/13	72,744.00		72,744.00							72,744.00	
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	11/12/13	500,000.00		500,000.00			78,384.00				241,606.00	180,000.00
			\$ 341,724.07	\$ 6,135,163.49	\$ 623,445.00	\$ 3,938.72	\$ 18,113.87	\$ 2,332,335.56	\$ 72,307.07	\$ 403,633.09	\$ 4,314,209.43		

Detail of 2013 Authorizations:  
 Capital Improvement Fund  
 Middlesex County HCD  
 NJ DOT Grant  
 Deferred Charges to Future Taxation, Unfunded

\$ 10,000.00
123,445.00
310,000.00
180,000.00
<u>\$ 623,445.00</u>

**BOROUGH OF SOUTH RIVER**  
**GENERAL CAPITAL FUND**  
**STATEMENT OF CAPITAL IMPROVEMENT FUND**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	267,946.33
<u>INCREASED BY</u> 2013 Budget Appropriation		<u>150,000.00</u>
	\$	417,946.33
<u>DECREASED BY</u> Appropriated to Finance Improvement Authorizations		<u>10,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u><u>407,946.33</u></u>

**BOROUGH OF SOUTH RIVER  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance December 31, 2012	2013 Authorizations	Cash Received	Bond Anticipation Notes Issued	Balance December 31, 2013
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	\$ 27,000.00				\$ 27,000.00
08-19/11-20/ 13-14	Planning, Site Acquisition and Construction of Municipal Facilities	675,000.00			\$ 300,000.00	375,000.00
08-25/08-46	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	52,000.00				52,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road, Drainage and Various Other Improvements	133,500.00				133,500.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road, Drainage and Various Other Improvements	353,430.19			125,000.00	228,430.19
12-17	Acquisition of Various Capital Equipment and Improvements	508,000.00			50,000.00	458,000.00
12-22	Improvements to Kamm Avenue Section II	71,000.00			71,000.00	
12-27	Improvements to the Radio Communications System	570,000.00			570,000.00	
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	3,500,000.00		\$ 470,038.81		3,029,961.19
13-22	Various Road, Curb, Sidewalk and Concrete Improvements		\$ 180,000.00			180,000.00
		\$ 5,889,930.19	\$ 180,000.00	\$ 470,038.81	\$ 1,116,000.00	\$ 4,483,891.38

**BOROUGH OF SOUTH RIVER  
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -  
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012**

	Electric Utility		Parking Utility		Water Utility		Totals	
	2013	2012	2013	2012	2013	2012	2013	(Memorandum Only) 2012
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 5,003,644.61	\$ 6,458,208.92	\$ 82,989.12	\$ 79,634.90	\$ 1,676,013.56	\$ 1,380,955.75	\$ 6,762,647.29	\$ 7,918,799.57
Due from Bond Registrar/Paying Agent	1,240,714.23	1,478,565.48	57,812.00	57,812.00	57,812.00	57,812.00	57,812.00	57,812.00
Consumer Accounts Receivable	33,130.65	24,469.72	486,277.91	597,523.52	1,696,992.14	597,523.52	1,696,992.14	2,076,089.00
Consumer Liens Receivable	373,391.88	395,617.17	5,832.56	5,348.45	5,832.56	5,348.45	38,963.21	29,818.17
Inventory			7,566.08	20,360.26			380,957.96	415,977.43
Deferred Charges								
<b>Total Assets</b>	<b>\$ 6,650,881.37</b>	<b>\$ 8,356,861.29</b>	<b>\$ 82,989.12</b>	<b>\$ 79,634.90</b>	<b>\$ 2,203,502.11</b>	<b>\$ 2,061,999.98</b>	<b>\$ 8,937,372.60</b>	<b>\$ 10,498,496.17</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Appropriation Reserves	\$ 437,667.43	\$ 705,315.49	\$ 6,510.26	\$ 6,395.54	\$ 371,184.64	\$ 150,051.92	\$ 815,362.33	\$ 861,762.95
Other Liabilities and Reserves:								
Reserve for Encumbrances	\$ 634,293.73	\$ 814,648.86	\$ 2,750.00	\$ 3,236.02	\$ 60,740.05	\$ 58,985.79	\$ 697,783.78	\$ 876,870.67
Prepaid Parking Permits			375.00				375.00	
Consumer Overpayments	165,695.06	166,927.34			82,743.29	75,579.21	248,438.35	242,506.55
Intergovernmental Accounts Payable:								
Due to State of New Jersey Lifeline and Loans	562.50	562.50					562.50	562.50
Accrued Interest on Bonds, Notes and Loans	14,811.52	16,066.48			28,422.69	31,343.95	43,234.21	47,410.43
Due to Vendor	1,566.80	1,549.90				213.79	1,566.80	1,763.69
Due to Bond Registrar/Paying Agent					81,840.00	81,840.00	81,840.00	81,840.00
<b>Reserve for Receivables and Other Assets</b>	<b>\$ 816,929.61</b>	<b>\$ 999,755.08</b>	<b>\$ 3,125.00</b>	<b>\$ 3,236.02</b>	<b>\$ 253,746.03</b>	<b>\$ 247,962.74</b>	<b>\$ 1,073,800.64</b>	<b>\$ 1,250,953.84</b>
<b>Fund Balance</b>	<b>\$ 1,647,236.76</b>	<b>\$ 1,898,652.37</b>			<b>\$ 527,488.55</b>	<b>\$ 681,044.23</b>	<b>\$ 2,174,725.31</b>	<b>\$ 2,579,696.60</b>
	\$ 3,749,047.57	\$ 4,753,138.35	\$ 73,353.86	\$ 70,003.34	\$ 1,051,082.89	\$ 982,941.09	\$ 4,873,484.32	\$ 5,806,082.78
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 6,650,881.37</b>	<b>\$ 8,356,861.29</b>	<b>\$ 82,989.12</b>	<b>\$ 79,634.90</b>	<b>\$ 2,203,502.11</b>	<b>\$ 2,061,999.98</b>	<b>\$ 8,937,372.60</b>	<b>\$ 10,498,496.17</b>





**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>OPERATING</b>						
Salaries and Wages	\$ 1,325,000.00	\$ 1,325,000.00	\$ 1,259,838.76		\$ 65,163.24	
Purchase of Power	7,250,000.00	7,170,000.00	6,500,926.09	\$ 442,841.69	226,232.22	
Other Expenses - Operating	415,000.00	415,000.00	373,849.84	17,259.47	23,890.89	
Other Expenses - Office/Administrative	30,000.00	30,000.00	4,486.85	49.15	25,464.00	
Other Expenses - Insurance	1,100,000.00	1,100,000.00	1,031,398.95		68,601.05	
Other Expenses - Professional Services	375,000.00	450,000.00	263,943.98	174,143.42	11,912.60	
Other Expenses - Accumulated Absences	50,000.00	50,000.00	50,000.00			
Total Operating	\$ 10,545,000.00	\$ 10,540,000.00	\$ 9,484,442.27	\$ 634,293.73	\$ 421,264.00	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
Total Capital Improvements	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
<b>DEBT SERVICE</b>						
Payment of Bond Principal	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00			
Payment of Bond Anticipation Notes and Capital Notes	297,000.00	297,000.00	297,000.00			
Interest on Bonds	185,793.00	185,793.00	185,792.18			0.82
Interest on Notes	16,000.00	16,000.00	14,324.84			1,675.36
Total Debt Service	\$ 873,793.00	\$ 873,793.00	\$ 872,116.82			\$ 1,676.18
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 161,262.00	\$ 161,262.00	\$ 147,667.00		\$ 13,595.00	
Social Security System (O.A.S.I.)	95,000.00	100,000.00	97,191.57		2,808.43	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	20,000.00	20,000.00	20,000.00			
Total Deferred Charges and Statutory Expenditures	\$ 276,262.00	\$ 281,262.00	\$ 264,858.57		\$ 16,403.43	
Surplus (General Budget)	\$ 3,556,371.00	\$ 3,556,371.00	\$ 3,556,371.00			
Total Electric Utility Appropriations	\$ 15,271,426.00	\$ 15,271,426.00	\$ 14,197,788.66	\$ 634,293.73	\$ 437,667.43	\$ 1,676.18

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	1,478,565.48
<u>INCREASED BY</u>			
Electric Charges Levied			<u>12,925,467.13</u>
		\$	14,404,032.61
<u>DECREASED BY</u>			
Collections	\$	12,926,102.61	
State of New Jersey Lifeline Credits		31,950.00	
Municipal Lifeline		29,677.50	
Consumer Overpayments Applied		166,927.34	
Transferred to Consumer Liens Receivable		<u>8,660.93</u>	<u>13,163,318.38</u>
<u>BALANCE, DECEMBER 31, 2013</u>		\$	<u><u>1,240,714.23</u></u>

**STATEMENT OF CONSUMER LIENS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	24,469.72
<u>INCREASED BY</u>			
Transferred from Consumer Accounts Receivable			<u>8,660.93</u>
<u>BALANCE, DECEMBER 31, 2013</u>		\$	<u><u>33,130.65</u></u>
Detail of Balance:			
Consumer Accounts Receivable	\$	33,115.65	
Interest and Costs		<u>15.00</u>	
	\$	<u><u>33,130.65</u></u>	

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012	Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves				
<b>OPERATING</b>					
Salaries and Wages	\$ 58,437.86		\$ 58,437.86		\$ 58,437.86
Purchase of Power	531,408.81	\$ 428,044.77	959,453.58	\$ 435,219.41	\$ 524,234.17
Other Expenses:					
Operating	4,056.61	91,801.26	95,857.87	49,584.55	46,273.32
Office/Administrative	15,428.06	1,364.19	16,792.25	1,431.68	15,360.57
Insurance	53,296.61		53,296.61		53,296.61
Professional Services	39,548.65	113,438.64	152,987.29	99,959.58	53,027.71
Total Operating	\$ 702,176.60	\$ 634,648.86	\$ 1,336,825.46	\$ 586,195.22	\$ 750,630.24
<b>CAPITAL IMPROVEMENTS</b>					
Capital Outlay		\$ 180,000.00	\$ 180,000.00	\$ 180,000.00	
Total Capital Improvements		\$ 180,000.00	\$ 180,000.00	\$ 180,000.00	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 3,138.89		\$ 3,138.89		\$ 3,138.89
Total Deferred Charges and Statutory Expenditures	\$ 3,138.89		\$ 3,138.89		\$ 3,138.89
Total Electric Utility Appropriations	\$ 705,315.49	\$ 814,648.86	\$ 1,519,964.35	\$ 766,195.22	\$ 753,769.13

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES**

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 16,066.48
<u>INCREASED BY</u>	
Budget Appropriation:	
Interest on Bonds	\$ 185,792.18
Interest on Notes	<u>14,324.64</u>
	<u>200,116.82</u>
	\$ 216,183.30
<u>DECREASED BY</u>	
Cash Disbursed	<u>201,371.78</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 14,811.52</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2013

		<u>Outstanding December 31, 2013</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Serial Bonds, 2007	\$	4,800,000.00	Var.	12/1/13	12/31/13	1 Months	\$ 14,300.55
Bond Anticipation Notes		1,132,000.00	1.25%	12/18/13	12/31/13	13 Days	<u>510.97</u>
							<u>\$ 14,811.52</u>

**BOROUGH OF SOUTH RIVER**  
**PARKING UTILITY OPERATING FUND**  
**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS**

	<u>Year 2013</u>	<u>Year 2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 12,500.00	\$ 28,500.00
Parking Fees	47,409.30	47,862.72
Other Credits to Income:		
Non Budget Revenues	205.20	229.05
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	<u>3,236.02</u>	<u>7,418.05</u>
Total Income	<u>\$ 63,350.52</u>	<u>\$ 84,009.82</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 28,000.00	\$ 27,000.00
Capital Improvements	15,000.00	8,000.00
Deferred Charges and Statutory Expenditures	<u>4,500.00</u>	<u>17,000.00</u>
Total Expenditures	<u>\$ 47,500.00</u>	<u>\$ 52,000.00</u>
Statutory Excess to Fund Balance	\$ 15,850.52	\$ 32,009.82
Fund Balance, January 1	<u>70,003.34</u>	<u>66,493.52</u>
	\$ 85,853.86	\$ 98,503.34
Decreased By:		
Utilization as Anticipated Revenue	<u>12,500.00</u>	<u>28,500.00</u>
Fund Balance, December 31	<u>\$ 73,353.86</u>	<u>\$ 70,003.34</u>

**BOROUGH OF SOUTH RIVER  
PARKING UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 12,500.00	\$ 12,500.00	
Parking Fees	<u>35,000.00</u>	<u>47,409.30</u>	\$ <u>12,409.30</u>
	\$ 47,500.00	\$ 59,909.30	\$ 12,409.30
Non-Budget Revenue	<u>                    </u>	\$ <u>205.20</u>	\$ <u>205.20</u>
	<u>\$ 47,500.00</u>	<u>\$ 60,114.50</u>	<u>\$ 12,614.50</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Parking Fees:	
Parking Permits	\$ 18,165.00
Parking Meters	<u>29,244.30</u>
	<u>\$ 47,409.30</u>
Non Budget Revenues:	
Interest on Investments	\$ <u>205.20</u>
	<u>\$ 205.20</u>

**BOROUGH OF SOUTH RIVER  
PARKING UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 22,000.00	\$ 22,000.00	\$ 20,717.88		\$ 1,282.12
Other Expenses - Operating	3,000.00	3,000.00	1,979.10		1,020.90
Other Expenses - Professional Services	3,000.00	3,000.00	250.00	2,750.00	
Total Operating	\$ 28,000.00	\$ 28,000.00	\$ 22,946.98	\$ 2,750.00	\$ 2,303.02
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00		
Capital Outlay - Meter Upgrades	5,000.00	5,000.00	1,534.50		3,465.50
Total Capital Improvements	\$ 15,000.00	\$ 15,000.00	\$ 11,534.50		\$ 3,465.50
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	2,500.00	2,500.00	2,173.00		327.00
Social Security System (O.A.S.I.)	2,000.00	2,000.00	1,584.96		415.04
Total Deferred Charges and Statutory Expenditures	\$ 4,500.00	\$ 4,500.00	\$ 3,757.96		\$ 742.04
Total Parking Utility Appropriations	\$ 47,500.00	\$ 47,500.00	\$ 38,239.44	\$ 2,750.00	\$ 6,510.56

**BOROUGH OF SOUTH RIVER  
PARKING UTILITY OPERATING FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	<u>Balance</u> <u>December 31, 2012</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Appropriation</u> <u>Reserves</u>	<u>Reserve for</u> <u>Encumbrances</u>		
<u>OPERATING</u>				
Salaries and Wages	\$ 2,483.08	\$ 2,483.08		\$ 2,483.08
Other Expenses:				
Operating	281.19	306.19	25.00	281.19
Professional Services	375.00	2,750.00	2,375.00	375.00
Total Operating	<u>\$ 3,139.27</u>	<u>\$ 5,539.27</u>	<u>\$ 2,400.00</u>	<u>\$ 3,139.27</u>
<u>CAPITAL IMPROVEMENTS</u>				
Capital Outlay - Meter Upgrades	4.46	4,000.00	3,995.54	4.46
Total Capital Improvements	<u>\$ 4.46</u>	<u>\$ 4,000.00</u>	<u>\$ 3,995.54</u>	<u>\$ 4.46</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	78.00	78.00		78.00
Social Security System (O.A.S.I.)	14.29	14.29		14.29
Total Deferred Charges and Statutory Expenditures	<u>\$ 92.29</u>	<u>\$ 92.29</u>		<u>\$ 92.29</u>
Grand Total	<u>\$ 3,236.02</u>	<u>\$ 9,631.56</u>	<u>\$ 6,395.54</u>	<u>\$ 3,236.02</u>

**BOROUGH OF SOUTH RIVER**  
**WATER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS**

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	\$ 489,886.00	\$ 416,855.00
Water Rents	3,446,430.81	3,259,039.32
Water Capital Fund Balance	11,120.00	21,775.00
Other Credits to Income:		
Non Budget Revenues	24,747.34	51,263.32
Current Appropriations Canceled	86,473.63	42,038.05
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	<u>150,376.02</u>	<u>219,339.08</u>
Total Income	\$ <u>4,209,033.80</u>	\$ <u>4,010,309.77</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 2,745,000.00	\$ 2,599,000.00
Capital Improvements	190,000.00	165,000.00
Debt Service	540,498.00	665,199.00
Deferred Charges and Statutory Expenditures	175,508.00	155,431.00
Cancellation of Due from Vendor		<u>0.50</u>
Total Expenditures	\$ <u>3,651,006.00</u>	\$ <u>3,584,630.50</u>
Statutory Excess to Fund Balance	\$ 558,027.80	\$ 425,679.27
Fund Balance, January 1	<u>982,941.09</u>	<u>974,116.82</u>
	\$ 1,540,968.89	\$ 1,399,796.09
Decreased By:		
Utilization as Anticipated Revenue	<u>489,886.00</u>	<u>416,855.00</u>
Fund Balance, December 31	\$ <u><u>1,051,082.89</u></u>	\$ <u><u>982,941.09</u></u>



**BOROUGH OF SOUTH RIVER  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013**

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
<b>OPERATING</b>						
Salaries and Wages	\$ 725,000.00	\$ 725,000.00	\$ 647,848.02		\$ 77,151.98	
Purchase of Water	900,000.00	900,000.00	868,747.45		31,252.55	
Other Expenses - Operating	210,000.00	210,000.00	175,378.92	\$ 16,167.29	18,453.79	
Other Expenses - Office/Administrative	15,000.00	15,000.00	4,601.32	32.77	10,365.91	
Other Expenses - Insurance	740,000.00	740,000.00	687,598.92		52,401.08	
Other Expenses - Professional Services	110,000.00	110,000.00	64,624.71	19,412.68	25,962.61	
Other Expenses - Sayreville Interlocal Services	25,000.00	25,000.00	8,759.36		16,240.64	
Other Expenses - Accumulated Absences	20,000.00	20,000.00	20,000.00			
<b>Total Operating</b>	<b>\$ 2,745,000.00</b>	<b>\$ 2,745,000.00</b>	<b>\$ 2,477,558.70</b>	<b>\$ 35,612.74</b>	<b>\$ 231,828.56</b>	
<b>CAPITAL IMPROVEMENTS</b>						
Capital Improvement Fund	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00			
Capital Outlay	150,000.00	150,000.00		\$ 25,127.31	\$ 124,872.69	
<b>Total Capital Improvements</b>	<b>\$ 190,000.00</b>	<b>\$ 190,000.00</b>	<b>\$ 40,000.00</b>	<b>\$ 25,127.31</b>	<b>\$ 124,872.69</b>	
<b>DEBT SERVICE</b>						
Payment of Bond Anticipation Notes and Capital Notes	\$ 152,000.00	\$ 152,000.00	\$ 152,000.00			\$ 3,910.44
Interest on Notes	40,110.00	40,110.00	36,199.56			40,365.58
Wastewater - Year 2000 - State - Principal	145,000.00	145,000.00	104,634.42			42,197.20
Wastewater - Year 2000 - State - Interest	69,317.00	69,317.00	27,119.80			0.41
Wastewater - Year 2000 - Federal - Principal	134,071.00	134,071.00	134,070.59			
<b>Total Debt Service</b>	<b>\$ 540,498.00</b>	<b>\$ 540,498.00</b>	<b>\$ 454,024.37</b>			<b>\$ 86,473.63</b>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 107,508.00	\$ 107,508.00	\$ 98,445.00		\$ 9,063.00	
Social Security System (O.A.S.I.)	55,000.00	55,000.00	49,579.61		5,420.39	
Unemployment Compensation Insurance (NJSA 43:21 et seq)	13,000.00	13,000.00	13,000.00			
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>\$ 175,508.00</b>	<b>\$ 175,508.00</b>	<b>\$ 161,024.61</b>		<b>\$ 14,483.39</b>	
<b>Total Water Utility Appropriations</b>	<b>\$ 3,651,006.00</b>	<b>\$ 3,651,006.00</b>	<b>\$ 3,132,607.68</b>	<b>\$ 60,740.05</b>	<b>\$ 371,184.64</b>	<b>\$ 86,473.63</b>

**BOROUGH OF SOUTH RIVER**  
**WATER UTILITY OPERATING FUND**  
**STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	597,523.52
<u>INCREASED BY</u>			
Water Charges Levied			3,305,669.31
		\$	3,903,192.83
<u>DECREASED BY</u>			
Collections	\$ 3,370,851.60		
Consumer Overpayments Applied	75,579.21		
Transfer to Consumer Lien Receivable	484.11		3,446,914.92
 <u>BALANCE, DECEMBER 31, 2013</u>		 \$	 <u><u>456,277.91</u></u>

**STATEMENT OF CONSUMER LIENS RECEIVABLE**

<u>BALANCE, DECEMBER 31, 2012</u>		\$	5,348.45
<u>INCREASED BY</u>			
Transfer from Consumer Accounts Receivable			484.11
 <u>BALANCE, DECEMBER 31, 2013</u>		 \$	 <u><u>5,832.56</u></u>
Detail of Balance:			
Consumer Accounts Receivable	\$ 5,703.82		
Interest and Costs	128.74		
	 <u><u>5,832.56</u></u>		

**BOROUGH OF SOUTH RIVER  
WATER UTILITY OPERATING FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance December 31, 2012	Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances		
<b>OPERATING</b>				
Salaries and Wages	\$ 28,721.29	\$ 28,721.29		\$ 28,721.29
Purchase of Water	6,414.60	6,414.60		6,414.60
Other Expenses:				
Operating	47,420.33	67,743.71	\$ 17,016.39	50,727.32
Office/Administrative	3,531.85	4,194.64	693.12	3,501.52
Insurance	33,916.46	33,916.46		33,916.46
Professional Services	14,096.47	42,720.53	28,181.24	14,539.29
Sayreville Interlocal Services	12,001.24	21,376.80	12,770.94	8,605.86
<b>Total Operating</b>	<b>\$ 146,102.24</b>	<b>\$ 205,088.03</b>	<b>\$ 58,661.69</b>	<b>\$ 146,426.34</b>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	\$ 3,949.68	\$ 3,949.68		\$ 3,949.68
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>\$ 3,949.68</b>	<b>\$ 3,949.68</b>		<b>\$ 3,949.68</b>
<b>Grand Total</b>	<b>\$ 150,051.92</b>	<b>\$ 209,037.71</b>	<b>\$ 58,661.69</b>	<b>\$ 150,376.02</b>

**DEFERRED CHARGES AND STATUTORY EXPENDITURES**

Statutory Expenditures:  
Contribution to:

Social Security System (O.A.S.I.)

Total Deferred Charges and Statutory Expenditures

Grand Total

**BOROUGH OF SOUTH RIVER  
WATER UTILITY OPERATING FUND  
STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS**

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 31,343.95
<u>INCREASED BY</u>	
Budget Appropriation:	
Interest on Notes	\$ 36,199.56
Interest on Loan	<u>27,119.80</u>
	<u>63,319.36</u>
	\$ 94,663.31
<u>DECREASED BY</u>	
Cash Disbursed	<u>66,240.62</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 28,422.69</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2013

	<u>Outstanding December 31, 2013</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
NJ Environmental Infrastructure Trust - 2000	\$ 1,540,000.00	Var.	8/1/13	12/31/13	5 Months	\$ 27,119.80
Bond Anticipation Notes	3,608,000.00	1.00%	12/18/13	12/31/13	13 Days	<u>1,302.89</u>
						<u>\$ 28,422.69</u>

**BOROUGH OF SOUTH RIVER  
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -  
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 1,777,161.59	\$ 2,118,140.56	\$ 77,529.99	\$ 67,529.99	\$ 758,333.03	\$ 911,601.48	\$ 2,613,024.61	\$ 3,097,272.03
Fixed Capital	\$ 14,545,528.42	\$ 14,000,195.10	\$ 76,705.40	\$ 71,175.46	\$ 15,374,829.06	\$ 14,978,306.25	\$ 29,997,062.88	\$ 29,049,676.81
Fixed Capital Authorized and Uncompleted	1,359,416.92	1,779,121.24	50,000.00	50,000.00	2,421,166.33	2,866,107.48	3,830,583.25	4,685,228.72
	\$ 15,904,945.34	\$ 15,779,316.34	\$ 126,705.40	\$ 121,175.46	\$ 17,795,995.39	\$ 17,834,413.73	\$ 33,827,646.13	\$ 33,734,905.53
Total Assets	<u>\$ 17,682,106.93</u>	<u>\$ 17,897,456.90</u>	<u>\$ 204,235.39</u>	<u>\$ 188,705.45</u>	<u>\$ 18,554,328.42</u>	<u>\$ 18,746,015.21</u>	<u>\$ 36,440,670.74</u>	<u>\$ 36,892,177.56</u>
<b>LIABILITIES AND RESERVES</b>								
Serial Bonds	\$ 4,100,000.00	\$ 4,475,000.00					\$ 4,100,000.00	\$ 4,475,000.00
Bond Anticipation Notes	\$ 1,132,000.00	\$ 1,429,000.00			\$ 3,608,000.00	\$ 3,610,000.00	\$ 4,740,000.00	\$ 5,039,000.00
Loans Payable					\$ 1,692,218.97	\$ 1,971,289.56	\$ 1,692,218.97	\$ 1,971,289.56

**BOROUGH OF SOUTH RIVER  
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -  
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS  
AS OF DECEMBER 31, 2013 AND 2012**

	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>LIABILITIES AND RESERVES</b>								
(CONTINUED)								
Improvement Authorizations:								
Funded	\$ 107,148.00	\$ 359,568.62	\$ 49,350.00	\$ 49,350.00	\$ 124,959.15	\$ 166,203.07	\$ 281,457.15	\$ 575,121.69
Unfunded	695,062.36	906,009.16			2,265,909.36	2,415,662.19	2,980,971.72	3,321,671.35
	\$ 802,210.36	\$ 1,265,577.78	\$ 49,350.00	\$ 49,350.00	\$ 2,410,868.51	\$ 2,581,865.26	\$ 3,262,428.87	\$ 3,896,793.04
Capital Improvement Fund	\$ 98,903.15	\$ 78,903.15	\$ 14,000.00	\$ 4,000.00	\$ 191,460.63	\$ 151,450.63	\$ 304,353.78	\$ 234,353.78
Reserve for Encumbrances	557,206.56	513,273.46			2,256.97	228,846.95	559,463.53	742,120.41
	\$ 656,109.71	\$ 592,176.61	\$ 14,000.00	\$ 4,000.00	\$ 193,707.60	\$ 380,297.58	\$ 863,817.31	\$ 976,474.19
Reserve for Amortization	\$ 10,041,955.34	\$ 9,244,326.34	\$ 76,705.40	\$ 71,175.46	\$ 10,032,176.42	\$ 9,639,524.17	\$ 20,150,837.16	\$ 18,955,025.97
Deferred Reserve for Amortization	\$ 230,990.00	\$ 230,990.00	\$ 50,000.00	\$ 50,000.00	\$ 422,600.00	\$ 422,600.00	\$ 703,590.00	\$ 703,590.00
Fund Balance	\$ 718,841.52	\$ 660,386.17	\$ 14,179.99	\$ 14,179.99	\$ 194,756.92	\$ 140,438.64	\$ 927,778.43	\$ 815,004.80
Total Liabilities and Reserves	\$ 17,682,106.93	\$ 17,897,456.90	\$ 204,235.39	\$ 188,705.45	\$ 18,554,328.42	\$ 18,746,015.21	\$ 36,440,670.74	\$ 36,832,177.56

There were Bonds and Notes Authorized but not Issued of \$400,000.00 in the Electric Utility Capital Fund, \$2,041,000.00 in the Water Utility Capital Fund and None in the Parking Utility Capital Fund at December 31, 2013.

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2012	Receipts		Disbursements		Transfers		Balance December 31, 2013
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$ 660,386.17	\$ 8,484.35	\$	\$ 4,400.00	\$ 54,371.00	\$	\$ 718,841.52	
Capital Improvement Fund	78,903.15	20,000.00		361,988.10	15.00	405,140.10	98,903.15	
Reserve for Encumbrances	514,069.56	1,572.16		1,572.16			557,206.56	
Due to Electric Utility Operating Fund								
<b>Ordinance Number</b>			<b>Improvement Authorizations</b>					
01-24/03-13	27,863.03				27,863.03			
03-35/06-42	(1,188.22)		\$ 44.93				(1,233.15)	
04-64/05-14/ 06-02	26,507.97				26,507.97			
08-27/08-47	773,936.34		3,003.34		381,800.00	15.00	389,148.00	
12-28	37,662.56		26.95		23,340.10		14,295.51	
	<u>\$ 2,118,140.56</u>	<u>\$ 30,056.51</u>	<u>\$ 3,075.22</u>	<u>\$ 367,960.26</u>	<u>\$ 459,526.10</u>	<u>\$ 459,526.10</u>	<u>\$ 1,777,161.59</u>	

**BOROUGH OF SOUTH RIVER**  
**ELECTRIC UTILITY CAPITAL FUND**  
**STATEMENT OF FIXED CAPITAL**

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 14,000,195.10
<u>INCREASED BY</u>	
Transferred from Fixed Capital Authorized and Uncompleted	\$ 365,333.32
Adjustment for Budget Expenditure Capital Outlay: 2012 Appropriation Reserves	<u>180,000.00</u>
	<u>545,333.32</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 14,545,528.42</u>
Detail:	
Miscellaneous intangible, Plant	\$ 1,100.00
Land and Land Rights	5,685.00
Structures and Improvement, Distribution Plant	281,161.69
Internal Combustion Engines	650,836.49
Generators	136,077.19
Accessory Electric Equipment	96,355.56
Miscellaneous Power Plant Equipment	45,054.60
Structures and Improvements	31,330.06
Station Equipment	58,206.53
Poles, Towers and Fixtures	125,679.21
Overhead Conductors and Devices	237,508.78
Line Transformers	303,628.00
Services	102,049.40
Meters	159,621.30
Street Lighting and Signal System	88,801.11
Yard Lighting	52.47
Land and Land Rights, General Plant	6,482.24
Structures and Improvements, General Plant	74,398.42
Office Furniture and Equipment	42,831.23
Transportation Equipment	63,172.21
Store Equipment	1,125.54
Tools and Work Equipment	13,951.02
Laboratory Equipment	2,227.60
Power Operated Equipment	7,759.31
Communications Equipment	8,628.47
Fire Alarm and Safety Equipment	493.32
Construction of Additions, Extensions and Improvement to the Existing Electrical System	1,900,667.84
Appurtenant Equipment for Willett Avenue Sub-Station	187,500.00
Dump Trucks and Scavenger Truck	69,315.22
Computer	32,774.03
Bay Lifts	59,743.92
Heating System	46,500.00
Gas Tanks	22,000.00
Improvement to Willett Avenue Sub-Station	86,277.70
Installation and Purchase of Street Lights	24,717.63
Acquisition of a Stump Grinder	7,993.64
Improvement to Electrical System	79,937.74
1999 Capital Outlay	48,515.00
Acquisition of a Bucket Truck	158,990.00
Acquisition and Installation of Radio Communication Equipment	116,975.29
Improvement to the Electrical System	157,036.27
Acquisition and Installation of an Electric Transformer	424,551.80
Repairs and Rebuilding of an Electric Transformer	228,397.79
Renovations to the Gordon Street Administration Building	399,136.97
Acquisition of Utility Vehicles	261,345.09
Improvements to Willett Avenue Substation	4,973,492.03
Acquisition and Installation of Electric Meters	1,376,396.59
Acquisition and Installation of Various Equipment	428,482.00
Improvements to the Radio Communication System	345,704.49
2005 Capital Outlay - Appropriation	59,989.00
2008 Capital Outlay - Appropriation	7,930.00
2009 Capital Outlay - Appropriation	49,937.59
2010 Capital Outlay - Appropriation	25,974.09
2010 Capital Outlay - Appropriation Reserves	9,551.95
2011 Capital Outlay - Appropriation	49,788.00
2011 Capital Outlay - Appropriation Reserves	181,690.00
2012 Capital Outlay - Appropriation Reserves	<u>180,000.00</u>
	<u>\$ 14,545,528.42</u>

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Authorizations	Ordinance Date	Ordinance Amount	Balance December 31, 2012	Transferred to Fixed Capital	Canceled	Balance December 31, 2013
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 427,500.00	\$ 27,863.03		\$ 27,863.03	
03-35/ 06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	1,950,000.00	573,982.62	\$ 379.21		\$ 573,603.41
04-64/ 05-14/ 06-02	Improvement to Willet Avenue Substation	12/13/04, 04/25/05, 02/13/06	5,000,000.00	26,507.97		26,507.97	
08-27/ 08-47	Acquisition and Installation of Various Equipment	07/14/08 02/23/08	1,200,000.00	790,767.62	19,249.62		771,518.00
12-28	Improvements to the Radio Communication System	10/22/12	360,000.00	360,000.00	345,704.49		14,295.51
				<u>\$ 1,779,121.24</u>	<u>\$ 365,333.32</u>	<u>\$ 54,371.00</u>	<u>\$ 1,359,416.92</u>

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2013</u>		<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Decrease</u>	<u>Balance December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
Electric System Improvements	12/1/07	5,990,000.00						
			12/1/14	\$ 375,000.00	4.125%			
			12/1/15	400,000.00	4.125%			
			12/1/16	400,000.00	4.125%			
			12/1/17	425,000.00	4.125%			
			12/1/18	450,000.00	4.125%			
			12/1/19	475,000.00	4.250%			
			12/1/20	500,000.00	4.250%			
		12/1/21	525,000.00	4.250%				
		12/1/22	550,000.00	4.250%				
						\$ 4,475,000.00	\$ 375,000.00	\$ 4,100,000.00
						\$ 4,475,000.00	\$ 375,000.00	\$ 4,100,000.00

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2013</u>
03-35/06-42	Acquisition and Installation of Electric Meters	12/23/08	12/18/13	12/17/14	1.25%	\$ 600,000.00	\$ 110,000.00	\$ 490,000.00
08-27/08-47	Acquisition and Improvements to various Capital Equipment	12/23/08	12/18/13	12/17/14	1.25%	130,000.00	130,000.00	
08-27/08-47	Acquisition and Improvements to various Capital Equipment	12/22/09	12/18/13	12/17/14	1.25%	339,000.00	57,000.00	282,000.00
12-28	Improvements to the Radio Communication System	12/19/12	12/18/13	12/17/14	1.25%	360,000.00		360,000.00
						<u>\$ 1,429,000.00</u>	<u>\$ 297,000.00</u>	<u>\$ 1,132,000.00</u>

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2012		Canceled	Reserve for Encumbrances Canceled	Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded				Funded	Unfunded
01-24/03-13	Renovations to The Gordon Street Administration Building	05/30/01, 07/07/03	\$ 427,500.00	\$ 27,863.03	\$	27,863.03				
03-35/06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	1,950,000.00	\$	\$			44.93	\$	398,766.85
04-64/05-14/ 06-02	Improvements to Willet Avenue Substation	12/13/04, 04/25/05, 02/13/06	5,000,000.00	26,507.97		26,507.97				
08-27/08-47	Acquisition of and Improvements to Various Capital Equipment	07/14/08, 12/23/08	1,200,000.00	304,936.34	469,000.00		\$ 15.00	384,803.34	\$	107,148.00 282,000.00
12-28	Improvements to the Radio Communications System	10/22/12	360,000.00		37,662.56			23,367.05		14,295.51
			\$	359,307.34	\$	54,371.00	\$	408,215.32	\$	107,148.00 695,062.36

**BOROUGH OF SOUTH RIVER**  
**ELECTRIC UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL IMPROVEMENT FUND**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	78,903.15
<u>INCREASED BY</u>		
2013 Budget Appropriation		<u>20,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u><u>98,903.15</u></u>

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Balance December 31, 2012</u>	<u>2013 Authorization</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2013</u>
03-35/06-42	Acquisition and Installation of Electric Mete	\$ 400,000.00			\$ 400,000.00
		<u>\$ 400,000.00</u>	<u>\$</u>	<u>\$</u>	<u>\$ 400,000.00</u>

**BOROUGH OF SOUTH RIVER  
PARKING UTILITY CAPITAL FUND  
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<u>Balance</u> December 31, 2012	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> December 31, 2013
		<u>Miscellaneous</u>	<u>Miscellaneous</u>	
Fund Balance	\$ 14,179.99			\$ 14,179.99
Capital Improvement Fund	4,000.00	\$ 10,000.00		14,000.00
Due to/(from) Parking Utility Operating Fund		98.18	\$ 98.18	
<u>Ordinance</u>				
<u>Number</u>				
12-20				
Parking Lot Improvements and Parking Meters	<u>49,350.00</u>			<u>49,350.00</u>
	<u>\$ 67,529.99</u>	<u>\$ 10,098.18</u>	<u>\$ 98.18</u>	<u>\$ 77,529.99</u>

Bracketed amounts denote deficit.

**BOROUGH OF SOUTH RIVER  
PARKING UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL**

<u>BALANCE, DECEMBER 31, 2012</u>		\$ 71,175.46
<u>INCREASED BY</u>		
Adjustment for Budget Expenditure Capital Outlay:		
2012 Appropriation Reserves	\$ 3,995.44	
2013 Appropriation	<u>1,534.50</u>	<u>5,529.94</u>
<u>BALANCE, DECEMBER 31, 2013</u>		<u>\$ 76,705.40</u>
<u>Detail:</u>		
Land, Off-Street Parking Facilities	\$ 68,975.46	
Meters and Machine	2,200.00	
2012 Capital Outlay - Appropriation Reserves	3,995.44	
2013 Capital Outlay - Appropriation	<u>1,534.50</u>	<u>76,705.40</u>
		<u>\$ 76,705.40</u>

**BOROUGH OF SOUTH RIVER  
 PARKING UTILITY CAPITAL FUND  
 STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2012</u>	<u>Balance December 31, 2013</u>
12-20	Parking Lot Improvements and Parking Meters	07/23/12	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
			\$	\$ 50,000.00	\$ 50,000.00

**BOROUGH OF SOUTH RIVER**  
**WATER UTILITY CAPITAL FUND**  
**STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ordinance</u> <u>Number</u>	<u>Description</u>	<u>Date</u>	<u>Ordinance</u> <u>Amount</u>	<u>Balance</u> <u>December 31, 2012</u> <u>Funded</u>	<u>Balance</u> <u>December 31, 2013</u> <u>Funded</u>
12-20	Parking Lot Improvements and Parking Meters	07/23/12	\$ 50,000.00	\$ 49,350.00	\$ 49,350.00
				\$ 49,350.00	\$ 49,350.00

**BOROUGH OF SOUTH RIVER**  
**WATER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL IMPROVEMENT FUND**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	4,000.00
<u>INCREASED BY</u> 2013 Budget Appropriation		<u>10,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u><u>14,000.00</u></u>



**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL**

<u>BALANCE, DECEMBER 31, 2012</u>	\$ 14,978,306.25
<u>INCREASED BY</u>	
Transferred from Fixed Capital Authorized and Uncompleted	<u>396,522.81</u>
<u>BALANCE, DECEMBER 31, 2013</u>	<u>\$ 15,374,829.06</u>
Detail:	
Land and Land Rights	\$ 12,200.00
Wells and Springs	54,738.27
Infiltration Galleries and Tunnels	29,712.10
Supply Mains	11,540.89
Water Drilling Clearing Account	27,644.40
Structures and Improvements, Pumping Plant	276,004.81
Electric Pumping Equipment	453,998.71
Structures and Improvements, Water Treatment Plant	5,284.23
Water Treatment Equipment	9,903.77
Distribution Reservoirs and Standpipes	354,558.23
Transmission and Mains	881,212.16
Services	1,448.95
Hydrants	41,202.16
Structures and Improvements, General Plant	6,194.16
Office Furniture and Equipment	5,620.02
Transportation Equipment	3,363.24
Laboratory Equipment	1,138.84
Miscellaneous	1,195.15
Tools, Shop and Garage Equipment	1,848.31
Power Operating Equipment	16,895.95
Communications Equipment	124.00
Meters	5,878.09
Improvements to Water System	537,685.30
Construction of a Water Treatment Plant	1,657,321.41
Construction of Water Transmission Lines	175,815.00
Improvements to Well #2	34,750.00
Construction of Water Improvements and Purchase of Back Hoe	45,000.00
Water Main Improvements	24,825.89
Cleaning of Water Lines and Painting of Water Tank	47,436.86
Computer	23,343.63
Dump and Scavenger Trucks	44,909.94
Sewer Jet	21,782.58
Gas Tanks	58,000.00
Rehabilitation of Well #2	100,283.21
Rehabilitation of Appleby Tank	72,910.32
Rehabilitation of Well #6	72,117.96
Improvements to the Water System	640,000.00
Various Water Improvements	23,897.18
Various Water Improvements	7,795.00
Rehabilitation and Improvement to Water Tank	262,343.85
Rehabilitation of the Water System - Phases I and II	4,283,417.83
Water Main Repair Along Foothills Drive	55,800.27
Acquisition and Installation of Radio Communication Equipment	77,697.30
Renovations to the Gordon Street Administration Building	246,581.66
Replacement of the Lime Feed System	108,015.09
Extension of Water Main - Hillside Avenue Section II	72,446.65
Resurfacing and Upgrading of Appleby Storage Tank	1,786,956.23
Improvements to the Water Treatment Plant	1,406,545.59
Water System Improvements	250,939.34
Various Water System Improvements	163,922.77
Improvements to the Radio Communication System	230,469.74
2004 Capital Outlay - Appropriation Reserves	30,835.00
2005 Capital Outlay - Appropriation	44,617.59
2006 Capital Outlay - Appropriation	50,487.57
2007 Capital Outlay - Appropriation	7,439.00
2008 Capital Outlay - Appropriation	77,726.47
2009 Capital Outlay - Appropriation	30,945.04
2009 Capital Outlay - Appropriation Reserves	42,439.71
2010 Capital Outlay - Appropriation	111,818.77
2010 Capital Outlay - Appropriation Reserves	12,279.05
2011 Capital Outlay - Appropriation	97,092.50
2011 Capital Outlay - Appropriation Reserves	9,431.32
2012 Capital Outlay - Appropriation	<u>125,000.00</u>
	<u>\$ 15,374,829.06</u>

**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2012	Decreased by		Balance December 31, 2013
					Transferred to Fixed Capital	Canceled	
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 285,000.00	\$ 38,418.34	\$	\$ 38,418.34	
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/04/08, 12/23/08, 07/12/10	1,870,000.00	84,090.53	\$ 1,046.76		\$ 83,043.77
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03 12/18/06	2,150,000.00	2,150,000.00			2,150,000.00
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00	94,357.65	903.24		93,454.41
10-10	Water System Improvements	04/26/10	300,000.00	49,240.96	180.30		49,060.66
12-23	Various Water System Improvements	08/27/12	200,000.00	200,000.00	163,922.77		36,077.23
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00	240,000.00	230,469.74		9,530.26
			\$ 2,856,107.48	\$ 396,522.81	\$ 38,418.34		\$ 2,421,166.33

**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2012</u>	<u>Increased by</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2013</u>
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/23/08	12/18/13	12/17/14	1.25%	\$ 67,000.00		\$ 4,000.00	\$ 63,000.00
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/22/09	12/18/13	12/17/14	1.25%	1,214,000.00		68,000.00	1,146,000.00
03-18/08-26/08-48	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/21/10	12/18/13	12/17/14	1.25%	375,000.00		20,000.00	355,000.00
08-28	Improvements to the Water Treatment Plant	12/23/08	12/18/13	12/17/14	1.25%	464,000.00		18,000.00	446,000.00
08-28	Improvements to the Water Treatment Plant	12/22/09	12/18/13	12/17/14	1.25%	965,000.00		35,000.00	930,000.00
10-10	Water System Improvements	12/21/10 #	12/18/13	12/17/14	1.25%	200,000.00		7,000.00	193,000.00
10-10	Water System Improvements	12/19/12 #	12/18/13	12/17/14	1.25%	85,000.00			85,000.00
12-23	Water System Improvements	12/18/13 #	12/18/13	12/17/14	1.25%		\$ 150,000.00		150,000.00
12-28	Improvements to the Radio Communication System	12/19/12 #	12/18/13	12/17/14	1.25%	240,000.00			240,000.00
						<u>\$ 3,610,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 152,000.00</u>	<u>\$ 3,608,000.00</u>

**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF LOANS PAYABLE -  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2013		Interest Rate	Balance December 31, 2012	Decreased by	Balance December 31, 2013
			Date	Amount				
Water System Improvements - State Portion	11/01/00	\$ 2,620,000.00	08/01/14	\$ 155,000.00	5.00%	\$ 1,400,000.00	\$ 145,000.00	\$ 1,255,000.00
			08/01/15	160,000.00	5.125%			
			08/01/16	170,000.00	5.125%			
			08/01/17	180,000.00	5.250%			
			08/01/18	190,000.00	5.250%			
			08/01/19	195,000.00	5.250%			
			08/01/20	205,000.00	5.250%			
						<u>\$ 1,400,000.00</u>	<u>\$ 145,000.00</u>	<u>\$ 1,255,000.00</u>
Water System Improvements - Federal Portion	11/01/00	\$ 2,637,500.00	02/01/14	20,075.50	-	\$ 571,289.56	\$ 134,070.59	\$ 437,218.97
			08/01/14	115,691.50	-			
			02/01/15	17,685.10	-			
			08/01/15	116,385.49	-			
			02/01/16	15,155.90	-			
			08/01/16	120,025.07	-			
			02/01/17	12,468.63	-			
			08/01/17	19,731.78	-			
						<u>\$ 571,289.56</u>	<u>\$ 134,070.59</u>	<u>\$ 437,218.97</u>
						<u>\$ 1,971,289.56</u>	<u>\$ 279,070.59</u>	<u>\$ 1,692,218.97</u>

**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2012		Canceled	Paid or Charged	Balance December 31, 2013	
				Funded	Unfunded			Funded	Unfunded
01-24/ 03-13	Renovations to the Gordon Street Administration Building	05/30/01, 07/07/03	\$ 285,000.00	\$ 38,418.34		\$ 38,418.34			
03-18/08-26 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/4/08, 12/23/08, 07/12/10	1,870,000.00	\$ 83,167.62		\$ 123.85		\$ 83,043.77	
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03, 12/18/06	2,150,000.00	124,959.15			\$ 124,959.15	2,017,000.00	
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00	93,561.28			106.87	93,454.41	
10-10	Water System Improvements	04/26/10	300,000.00	46,825.03			21.34	46,803.69	
12-23	Various Water System Improvements	08/27/12	200,000.00	2,825.58			116,748.35	36,077.23	
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00	25,108.26			15,578.00	9,530.26	
			<b>\$ 166,203.07</b>	<b>\$ 2,415,662.19</b>		<b>\$ 38,418.34</b>	<b>\$ 132,578.41</b>	<b>\$ 2,285,909.36</b>	

**BOROUGH OF SOUTH RIVER**  
**WATER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL IMPROVEMENT FUND**

<u>BALANCE, DECEMBER 31, 2012</u>	\$	151,450.63
<u>INCREASED BY</u>		
2013 Budget Appropriation		<u>40,000.00</u>
<u>BALANCE, DECEMBER 31, 2013</u>	\$	<u>191,450.63</u>

**BOROUGH OF SOUTH RIVER  
WATER UTILITY CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance December 31, 2012	Bond Anticipation Notes Issued	Balance December 31, 2010 and 2013
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	\$ 24,000.00		\$ 24,000.00
03-36/06-43	Acquisition and Installation of Water Meters	2,017,000.00		2,017,000.00
12-23	Various Water System Improvements	<u>150,000.00</u>	\$ 150,000.00	
		<u>\$ 2,191,000.00</u>	\$ 150,000.00	<u>\$ 2,041,000.00</u>

**BOROUGH OF SOUTH RIVER  
GOVERNMENTAL FIXED ASSETS ACCOUNT  
COMPARATIVE STATEMENTS OF GOVERNMENTAL FIXED ASSETS**

	Balance December 31, 2013	Balance December 31, 2012
Governmental Fixed Assets:		
Land	\$ 4,910,116.00	\$ 4,772,316.00
Buildings	9,365,935.00	8,869,935.00
Vehicles	7,349,374.40	6,965,707.69
Equipment	1,861,867.71	1,090,154.19
	<u>\$ 23,487,293.11</u>	<u>\$ 21,698,112.88</u>
 Investment in Governmental Fixed Assets	 <u>\$ 23,487,293.11</u>	 <u>\$ 21,698,112.88</u>

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY**



**PART III**

**STATISTICAL SECTION**

**BOROUGH OF SOUTH RIVER  
CURRENT FUND EXPENDITURES BY FUNCTION  
FOR THE LAST TEN (10) FISCAL YEARS  
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	\$ 756,100.00	\$ 754,800.00	\$ 750,800.00	\$ 753,100.00	\$ 735,037.00	\$ 813,750.00	\$ 723,878.00	\$ 917,694.00	\$ 1,020,149.77	\$ 852,376.97
Public Safety	4,596,500.00	4,446,570.00	4,372,710.00	4,281,480.00	4,407,420.00	4,172,145.00	4,023,760.00	3,635,575.00	3,553,027.50	3,326,748.00
Public Works	2,095,500.00	2,217,800.00	2,086,650.00	2,096,150.00	1,933,245.00	1,962,389.77	1,890,463.00	1,842,763.00	1,878,552.50	1,722,964.00
Utility Expense and Bulk Purchases	411,000.00	791,500.00	445,000.00	385,000.00	380,600.00	394,900.00	298,500.00	347,100.00	331,165.00	352,566.00
Land Use	42,205.00	45,705.00	63,705.00	48,105.00	78,700.00	34,507.00	35,430.00	55,200.00	47,400.00	31,725.00
Sanitary Landfill	515,000.00	545,000.00	530,000.00	515,000.00	500,000.00	490,000.00	475,304.00	460,000.00	460,000.00	460,000.00
Insurance	1,825,052.00	1,677,500.00	1,559,000.00	1,585,000.00	1,459,000.00	1,348,500.00	1,436,000.00	1,339,018.00	1,210,785.00	1,091,460.00
Health and Human Services	243,036.00	261,036.00	259,407.00	259,301.00	225,058.00	198,721.00	169,325.00	161,750.00	151,090.00	150,115.00
Parks and Recreation	375,750.00	430,800.00	442,300.00	508,650.00	478,362.00	390,940.00	386,265.00	385,900.00	321,513.00	281,695.00
Education	449,822.36	480,577.70	561,000.00	561,000.00	558,283.00	570,178.00	530,962.00	460,855.00	402,800.00	352,972.00
Deferred Charges and Statutory Expenditures	1,395,338.00	1,258,433.00	1,353,321.00	1,131,592.49	1,019,863.91	1,005,515.57	885,052.00	686,300.00	566,753.00	513,144.24
Grants	222,040.92	166,967.22	178,552.82	172,577.56	218,999.51	50,715.21	621,203.90	120,822.85	134,386.74	206,294.20
Capital Improvements	150,000.00	75,000.00	75,000.00	150,000.00	187,000.00	224,787.68	327,000.00	125,000.00	87,000.00	87,000.00
Debt Service	1,836,126.00	1,684,043.00	1,637,035.00	1,446,398.00	1,461,886.00	1,412,797.00	1,438,283.00	1,661,408.00	1,471,375.59	1,341,948.35
Sewer	1,096,715.92	1,157,862.00	1,186,630.00	1,101,163.00	992,126.00	914,074.00	770,000.00	860,000.00	841,000.00	771,673.03
Contingent	500.00	500.00	1,500.00	2,500.00	2,500.00	2,500.00	2,500.00	1,000.00	1,000.00	1,000.00
Judgements									71,000.00	
Reserve for Uncollected Taxes	787,235.29	767,592.62	750,790.97	738,942.47	739,433.37	685,571.82	621,797.20	589,231.30	544,486.42	501,511.03
	\$ 16,797,921.49	\$ 16,761,686.54	\$ 16,253,401.79	\$ 15,736,939.52	\$ 15,378,413.79	\$ 14,651,992.05	\$ 14,635,523.10	\$ 13,658,617.15	\$ 13,093,484.52	\$ 12,045,193.82

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

**BOROUGH OF SOUTH RIVER  
ELECTRIC UTILITY OPERATING FUND EXPENDITURES BY FUNCTION  
FOR THE LAST TEN (10) FISCAL YEARS  
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating	\$ 10,540,000.00	\$ 10,035,000.00	\$ 11,615,000.00	\$ 11,544,800.00	\$ 11,347,300.00	\$ 11,218,000.00	\$ 7,142,000.00	\$ 7,010,000.00	\$ 6,948,415.00	\$ 6,688,400.00
Capital Improvements	20,000.00	205,000.00	300,000.00	125,000.00	100,000.00	239,500.00	125,000.00	125,000.00	150,000.00	125,000.00
Debt Service	873,793.00	843,414.00	964,538.00	967,691.00	942,402.00	644,503.00	516,000.00	419,788.00	265,585.00	254,497.00
Deferred Charges and Statutory Expenditures	281,262.00	259,605.00	244,578.00	212,150.00	195,951.00	169,615.00	122,100.00	110,000.00	90,000.00	77,600.00
Surplus - General Budget	3,556,371.00	3,656,371.00	443,000.00	443,000.00	443,000.00	4,362.97	689,000.00	689,000.00	609,000.00	608,503.00
Other										
	\$ 15,271,426.00	\$ 14,899,390.00	\$ 13,567,116.00	\$ 13,292,641.00	\$ 13,033,015.97	\$ 12,271,618.00	\$ 8,694,100.00	\$ 8,353,788.00	\$ 8,063,000.00	\$ 7,754,000.00

**BOROUGH OF SOUTH RIVER  
 PARKING UTILITY OPERATING FUND  
 EXPENDITURES BY FUNCTION  
 FOR THE LAST FISCAL YEAR  
 (ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

<u>Function</u>	<u>Fiscal Year</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating	\$ 28,000.00	\$ 27,000.00	\$ 12,650.00
Capital Improvements	15,000.00	8,000.00	
Deferred Charges and Statutory Expenditures	<u>4,500.00</u>	<u>17,000.00</u>	<u>350.00</u>
	<u>\$ 47,500.00</u>	<u>\$ 52,000.00</u>	<u>\$ 13,000.00</u>

\* GASB requires that ten years of statistical data be presented. Statistical data for three (3) years are presented as the Parking Utility was established in 2011. Each year thereafter, an additional year's data will be included until ten years of data is presented.

**BOROUGH OF SOUTH RIVER  
WATER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION  
FOR THE LAST TEN (10) FISCAL YEARS  
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Function	Fiscal Year										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating	\$ 2,745,000.00	\$ 2,599,000.00	\$ 2,535,500.00	\$ 2,577,000.00	\$ 2,328,500.00	\$ 2,408,509.00	\$ 2,125,000.00	\$ 1,982,000.00	\$ 1,862,000.00	\$ 1,781,000.00	\$ 1,542,102.00
Capital Improvements	190,000.00	165,000.00	200,000.00	190,000.00	115,000.00	116,000.00	100,000.00	100,000.00	65,000.00	115,000.00	112,800.00
Debt Service	540,498.00	665,199.00	626,079.00	604,101.00	615,473.00	560,330.00	537,714.00	575,055.00	574,068.00	585,436.56	576,159.13
Deferred Charges and Statutory Expenditures	175,508.00	155,431.00	223,051.00	125,261.00	137,384.00	107,723.00	77,286.00	67,000.00	93,000.00	48,000.00	45,098.00
Surplus - General Budget					4,312.00					139,041.00	
Other		0.50									
	<u>\$ 3,651,006.00</u>	<u>\$ 3,584,630.50</u>	<u>\$ 3,584,630.00</u>	<u>\$ 3,496,362.00</u>	<u>\$ 3,200,669.00</u>	<u>\$ 3,192,562.00</u>	<u>\$ 2,840,000.00</u>	<u>\$ 2,724,055.00</u>	<u>\$ 2,594,068.00</u>	<u>\$ 2,668,477.56</u>	<u>\$ 2,276,159.13</u>

**BOROUGH OF SOUTH RIVER  
CURRENT FUND REVENUES BY SOURCE  
FOR THE LAST TEN (10) FISCAL YEARS  
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)**

Source	Fiscal Year										
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Surplus Anticipated	\$ 1,482,773.56	\$ 1,126,612.64	\$ 1,126,612.23	\$ 905,858.14	\$ 646,000.00	\$ 1,225,000.00	\$ 1,425,000.00	\$ 1,700,000.00	\$ 1,300,000.00	\$ 612,000.00	\$ 535,000.00
Taxes (1)	8,215,900.89	8,369,973.55	8,489,749.20	8,495,894.89	8,352,502.40	8,282,108.87	7,108,245.61	6,688,853.32	6,613,132.86	5,564,698.27	5,208,883.02
Delinquent Taxes	633,863.95	569,445.37	672,115.20	517,149.45	693,199.29	481,303.10	471,025.09	306,920.92	285,576.04	478,441.19	378,747.06
Miscellaneous	5,583,430.41	5,317,543.61	5,177,658.01	4,814,507.97	4,768,692.39	3,313,396.98	4,074,231.05	3,941,729.05	3,787,868.92	4,439,464.51	3,950,743.72
State Aid	825,290.68	825,291.00	825,291.00	825,291.00	1,037,449.00	1,334,050.00	1,210,798.00	1,409,136.00	1,459,136.00	1,349,136.00	1,304,541.58
State and Federal Grants	218,240.92	161,967.22	173,582.82	167,577.56	213,989.51	45,715.21	611,903.90	127,272.85	130,086.74	202,159.20	66,884.21
Non-budget Revenues and Other Items	1,052,050.46	1,027,197.00	1,054,637.96	972,529.47	1,035,619.94	735,076.11	705,608.24	570,722.10	627,446.04	394,647.53	480,842.93
	\$ 18,011,550.87	\$ 17,398,030.39	\$ 17,519,616.42	\$ 16,698,808.48	\$ 16,747,462.53	\$ 15,416,650.27	\$ 15,606,811.89	\$ 14,744,634.24	\$ 14,203,246.60	\$ 13,040,546.70	\$ 11,935,622.52

(1) Excludes tax allocated to county and school.

**BOROUGH OF SOUTH RIVER  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
FOR THE LAST TEN (10) FISCAL YEARS**

Year	Borough		School	County		Total	Collection Rates Current	Delinquent Taxes as Percent of Levy
	Regular	Library		Regular	Open Space			
2013	\$ 1.854	\$ 0.108	\$ 3.717	\$ 1.134	\$ 0.097	\$ 6.910	97.48%	3.26%
2012	1.864	0.114	3.517	1.118	0.103	6.716	97.40%	3.10%
2011	1.863	0.123	3.439	1.130	0.111	6.666	97.59%	2.71%
2010	1.987		3.281	1.057	0.076	6.401	97.37%	2.94%
2009	1.938		3.145	1.047	0.119	6.249	97.92%	2.33%
2008	1.945		3.137	1.034	0.121	6.237	97.41%	2.74%
2007	1.626		3.144	0.965	0.115	5.850	98.10%	2.11%
2006	1.548		3.015	0.868	0.099	5.530	97.82%	2.22%
2005	1.477		2.787	0.819	0.087	5.170	98.56%	1.64%
2004	1.252		2.510	0.822	0.076	4.660	98.54%	1.68%

Source: Tax Collector.

**BOROUGH OF SOUTH RIVER**  
**MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2013	\$ 28,611,548.77	\$ 27,893,367.80	97.48%
2012	28,288,691.60	27,553,240.39	97.40%
2011	28,202,908.07	27,522,627.54	97.59%
2010	27,258,681.92	26,541,537.70	97.37%
2009	26,694,630.46	26,140,465.75	97.92%
2008	26,615,158.87	25,925,228.93	97.41%
2007	24,964,954.51	24,490,127.33	98.10%
2006	23,581,041.91	23,066,888.76	97.82%
2005	22,161,429.88	21,842,889.76	98.56%
2004	19,876,318.60	19,585,552.15	98.54%

**BOROUGH OF SOUTH RIVER**  
**DELINQUENT TAXES AND TAX TITLE LIENS**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2013	\$ 297,573.52	\$ 633,792.42	\$ 931,365.94	3.26%
2012	274,332.41	603,257.04	877,589.45	3.10%
2011	149,613.83	613,734.94	763,348.77	2.71%
2010	132,592.22	669,440.05	802,032.27	2.94%
2009	106,975.25	515,816.70	622,791.95	2.33%
2008	50,301.80	680,019.42	730,321.22	2.74%
2007	55,090.92	469,438.26	524,529.18	2.11%
2006	45,259.86	477,204.08	522,463.94	2.22%
2005	50,099.98	314,175.07	364,275.05	1.64%
2004	50,663.02	283,052.10	333,715.12	1.68%

**BOROUGH OF SOUTH RIVER**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Aggregate Assessed Valuations of Real Property</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2013	\$ 413,350,800	\$ 1,311,808,315	31.51%
2012	420,807,700	1,349,175,056	31.19%
2011	422,492,500	1,441,461,958	29.31%
2010	425,276,000	1,562,365,907	27.22%
2009	426,503,200	1,616,767,248	26.38%
2008	426,344,400	1,674,565,593	25.46%
2007	426,021,600	1,710,243,276	24.91%
2006	425,531,400	1,592,557,635	26.72%
2005	426,946,300	1,382,150,534	30.89%
2004	425,288,200	1,207,861,971	35.21%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

**BOROUGH OF SOUTH RIVER  
SCHEDULE OF TEN LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>Assessed Value - 2013</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
LIT Northend, LLC	\$ 12,208,700	2.95%
Lighthouse South River LG LLC	2,350,000	0.57%
East Coast Village Green Apartments	1,200,000	0.29%
Emmess Apts., Ltd.	1,189,400	0.29%
425 Whitehead, LLC	980,000	0.24%
Felmore Associates	700,000	0.17%
Sherwood Court	633,100	0.15%
Patrick and Barbara DiNicola	622,500	0.15%
Rite Aid	575,700	0.14%
Vaishu LLC	<u>558,000</u>	<u>0.13%</u>
	<u>\$ 21,017,400</u>	<u>5.09%</u>
Sherwood Court		

Source: Municipal Tax Collector.

**BOROUGH OF SOUTH RIVER  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Average Equalized Valuation		\$ <u>1,367,481,776.33</u>
Borrowing Margin - 3½% of Average Equalized Valuation Basis		\$ 47,861,862.17
Net Debt		<u>22,504,399.71</u>
Remaining Borrowing Power		\$ <u>25,357,462.46</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of South River	\$ <u>48,571,618.68</u>	\$ <u>26,067,218.97</u>	\$ 22,504,399.71
Overlapping Debt Apportioned to the Municipality: County of Middlesex (\$639,968,209 at 1.4799) (1)			<u>22,504,399.71</u>
			\$ <u>22,504,399.71</u>

Source: (1) County of Middlesex Director of Finance.

**BOROUGH OF SOUTH RIVER  
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND  
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA  
FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Borough Population</u>	<u>Equalized Valuation (3)</u>	<u>Net Debt (4)</u>	<u>Ratio of Net Debt to Equalized Valuation</u>	<u>Net Debt Per Capita</u>
2013	16,008 (1)	\$ 1,311,808,315.00	\$ 35,477,618.68	2.70%	\$ 2,216.24
2012	16,008 (1)	1,349,175,056.00	38,286,066.19	2.84%	2,391.68
2011	16,008 (1)	1,441,461,958.00	34,923,696.77	2.42%	2,181.64
2010	16,008 (1)	1,562,365,907.00	37,658,753.15	2.41%	2,352.50
2009	15,322 (2)	1,616,767,248.00	35,540,324.17	2.20%	2,319.56
2008	15,322 (2)	1,674,565,593.00	37,492,645.49	2.23%	2,446.98
2007	15,322 (2)	1,710,536,658.00	27,524,134.73	1.61%	1,796.38
2006	15,322 (2)	1,592,887,531.00	23,033,485.11	1.45%	1,503.29
2005	15,322 (2)	1,382,565,462.00	24,905,131.28	1.80%	1,625.45
2004	15,322 (2)	1,208,401,437.00	24,143,903.33	1.99%	1,575.77

- (1) Based on the 2010 U.S. Census.
- (2) Based on the 2000 U.S. Census.
- (3) Per the State of New Jersey only Real Property included.
- (4) Per Annual Debt Statement, including self-liquidating debt.

**BOROUGH OF SOUTH RIVER  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)  
FOR THE LAST TEN (10) FISCAL YEARS**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Current Fund Governmental Fund Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
2013	\$ 1,415,338.11	\$ 414,865.33	\$ 1,830,203.44	\$ 16,797,921.49	10.90%
2012	1,189,095.20	491,936.04	1,681,031.24	16,761,686.54	10.03%
2011	1,120,672.50	512,991.33	1,633,663.83	16,253,401.79	10.05%
2010	951,278.17	475,765.21	1,427,043.38	15,736,939.52	9.07%
2009	891,883.85	566,313.91	1,458,197.76	15,378,413.79	9.48%
2008	852,489.53	549,373.93	1,401,863.46	14,651,992.05	9.57%
2007	856,095.21	581,187.60	1,437,282.81	14,635,523.10	9.82%
2006	1,128,211.07	528,175.61	1,656,386.68	13,658,617.15	12.14%
2005	1,008,796.33	447,890.66	1,456,686.99	13,093,484.52	11.14%
2004	922,180.59	415,423.87	1,337,604.46	12,045,193.82	11.11%

(1) Excludes Electric, Water and Parking Utilities and Special Assessment Debt.

**BOROUGH OF SOUTH RIVER**  
**CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45**  
**ELECTRIC UTILITY OPERATING FUND**

Cash Receipts from Fees, Rents and Other Charges		\$ 16,769,841.15
Deductions:		
Operating and Maintenance Cost	\$ 10,821,262.00	
Debt Service	872,116.82	
Total Deductions		11,693,378.82
Excess in Revenues		\$ 5,076,462.33

**BOROUGH OF SOUTH RIVER**  
**CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45**  
**PARKING UTILITY OPERATING FUND**  
**(INCEPTION YEAR)**

Cash Receipts from Fees, Rents and Other Charges		\$	60,114.50
Deductions:			
Operating and Maintenance Cost		\$	32,500.00
Debt Service			<u>None</u>
Total Deductions			<u>32,500.00</u>
Excess/(Deficit) in Revenues		\$	<u><u>27,614.50</u></u>

**BOROUGH OF SOUTH RIVER**  
**CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45**  
**WATER UTILITY OPERATING FUND**

Cash Receipts from Fees, Rents and Other Charges		\$	3,967,233.15
Deductions:			
Operating and Maintenance Cost	\$		2,920,508.00
Debt Service			<u>454,024.37</u>
Total Deductions			<u>3,374,532.37</u>
Excess in Revenues		\$	<u><u>592,700.78</u></u>

**BOROUGH OF SOUTH RIVER**  
**DEMOGRAPHIC STATISTICS**  
**FOR THE LAST TEN (10) FISCAL YEARS**  
**UNAUDITED**

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u>	<u>Unemployment</u> <u>Rate</u> (3)	<u>Housing</u> <u>Unit</u> <u>Counts</u> (4)	<u>Per Capita</u> <u>Income</u>
2013	16,008 (1)	13.4%	4,422	\$ N/A
2012	16,008 (1)	11.7%	4,426	N/A
2011	16,008 (1)	11.6%	4,425	N/A
2010	16,008 (1)	11.9%	4,426	N/A
2009	15,322 (2)	11.9%	4,418	N/A
2008	15,322 (2)	7.7%	4,409	N/A
2007	15,322 (2)	5.8%	4,410	N/A
2006	15,322 (2)	6.6%	4,405	N/A
2005	15,322 (2)	6.5%	4,406	N/A
2004	15,322 (2)	5.1%	4,409	N/A

(1) 2010 U.S. Census.

(2) 2000 Census

(3) NJ Department of Labor

(4) Borough Tax Collector's Office

**BOROUGH OF SOUTH RIVER**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 2013**

Date of Incorporation 1898  
 Form of Government Borough  
 Area 2.87 square miles

	<u>Full Time</u>	<u>Part Time</u>
Employees:		
Administrative	21	9
Police	42	5
Crossing Guards		14
Public Works	35	2
Parks and Recreation	5	26
Volunteer Firemen		90
Emergency Medical Service - Volunteers		15
Other (part time employees)		<u>13</u>
 Total Employees	 <u>103</u>	 <u>174</u>

Source: Borough Records.

**BOROUGH OF SOUTH RIVER  
MIDDLESEX COUNTY, NEW JERSEY**



**PART IV  
GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF SOUTH RIVER  
COUNTY OF MIDDLESEX, NEW JERSEY**

**GENERAL COMMENTS & RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of South River, County of Middlesex, New Jersey, for the year ended December 31, 2013, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and Outside Office/Other Officials Collecting Fees of the Borough of South River, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of South River, County of Middlesex, New Jersey as of and for the fiscal year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is 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 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.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The deficiencies in internal control, as reported below, are not considered to be significant deficiencies nor material weaknesses. In addition, these deficiencies are not required to be reported in writing however, these deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated August 14, 2014 on the financial statements of the Borough of South River. Our comments, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We identified certain deficiencies in internal control, as follows:

#### Internal Control Deficiencies:

##### 2013-1 Segregation of Duties

Conditions exist whereby the same individual may collect, record and deposit/remit cash receipts in the following offices/departments: Borough Clerk, Board of Health, Registrar of Vital Statistics, Zoning/Planning, Construction Code Official, Code Enforcement, Fire Prevention, Parks/Recreation and Public Works Department. Also, as in virtually all cases, the capability for management override of internal controls exist.

##### 2013-2 Maintenance of Source Documents - Issuance of Duplicate Receipt Forms - Other Offices and Officials Collecting Fees

Conditions exist whereby the following offices/departments do not issue duplicate receipt forms for all Borough monies collected: Public Works Department, unless upon request.

## OTHER MATTERS

### Internal Control Documentation

Statement on Auditing Standards 115 identifies inadequate documentation of internal controls as a possible deficiency, significant deficiency or material weakness. The Borough has documented its controls in some areas and we suggest the Borough consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation also include the internal controls that exist over grant compliance.

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised for 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, 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 bidder therefore, 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.

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. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

On June 9, 2010, the Local Public Contracts Law was amended, effective for periods beginning July 1, 2010. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000 to \$26,000 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Board may increase the bid threshold from \$29,000 to \$36,000.

On May 5, 2011, the Local Public Contracts Law was revised again pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective January 1, 2011. The law eliminated the previous non-QPA threshold of \$26,000. Thus a contracting unit without a Qualified Purchasing Agent now has a maximum bid threshold of \$17,500.00.

A review of the Borough's purchasing procedures indicates bids were requested by public advertising or purchased under State Contract, for the following items tested, and as disclosed in the official minutes:

Gasoline; Human Services Building renovation; SUV Purchases; Oil; Firefighter gear; Police cars; Firefighter equipment; Pumping Station; Generator; Outdoor eating area; Improvements to Kamm Avenue and Wireless Services.

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

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

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

Any interpretation as to possible violation of N.J.S.A. 40A:11-4 would be in the province of the Borough solicitor.

#### Surety Bond Coverage

A review of surety bond coverage as of December 31, 2013, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and Collector.

During July 1998 the Local Finance Board completed a readopting of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest that the Borough review these revised regulations and determine their applicability and also determine if other positions should be bonded separately or covered with increased blanket coverage.

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

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

The governing body, on January 1, 2013 adopted a resolution authorizing interest to be charged on delinquent taxes.

An examination of the Tax Collector's records indicated that interest on delinquent accounts was calculated in accordance with the resolution indicated for items tested.

#### Delinquent Taxes, Electric Rents, Water Rents and Liens

The Borough held a tax sale on December 20, 2013. Delinquent taxes and outstanding electric and water utility rents at December 31, 2013, are as follows:

Delinquent real estate taxes at December 31, 2013 are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
CY 2013	<u>\$633,792.42</u>

GENERAL COMMENTS

OTHER MATTERS

Delinquent Taxes, Electric Rents, Water Rents and Liens (Cont'd.)

<u>YEAR</u>	<u>AMOUNT</u>
CY 2013	<u>\$1,240,714.23</u>

Water utility rents outstanding at December 31, 2013 are as follows:

<u>YEAR</u>	<u>AMOUNT</u>
CY 2013	<u>\$456,277.91</u>

The following comparison is made of the number of Tax Title Liens and Sewer Rent Liens on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>		
	<u>Tax</u>	<u>Water</u>	<u>Electric</u>
2013	16	6	5
2012	16	4	4
2011	15	6	3

Third-Party Service Provider

The Borough contracts with a third-party service provider for the billing, collection and inquiry phase of the Borough's electric and water utilities. As a result, the Borough requested a copy of the service provider's Statement on Standards for Attestation Engagements (SSAE #16) with respect to the service provider's internal controls. The reports received were "SOC 2 Type 2 Report over Security, Availability and Processing Integrity Controls Placed in Operation and Tests Operating Effectiveness" and "Report on Controls Placed in Operation and Test of Operating Effectiveness for the Mail Transaction Processing Services", both for the period October 16, 2012 through October 15, 2013.

Inter-fund Balances

The following inter-fund payable was reported on the balance sheet of the following fund at December 31, 2013:

Grant Fund:	
Due from Current Fund	\$165,940.29
Current Fund:	
Due to Grant Fund	\$165,940.29

The existence of this inter-fund loan payable does not indicate the inability of the respective fund to meet its financial obligations; no recommendation is made as part of this report.

## GENERAL COMMENTS

### OTHER MATTERS

#### Investment of Idle Funds

The Chief Financial Officer had the greater portion of the idle funds of the Borough invested in interest-bearing investments or accounts during CY 2013. Earnings from the investments are shown as revenue in the various accounts of the Borough for CY 2013.

The Borough has adopted a formal cash management plan as required by state rules and regulations

#### Purchase Order System/ Encumbrance Accounting System and Payment of Claim

The Borough's budgetary operation is on a full encumbrance accounting system. Claims were examined on a test basis for the year under review with one minor exception for authorizing signature.

#### Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account included a review to confirm deposits were properly recorded and spread by receipt category and disbursements were made to the appropriate agencies on a timely basis. The records indicated bank reconciliations for the general and the bail accounts were performed on a timely manner as of the end of the calendar year and subsequent to the balance sheet date.

Municipal Court staff is covered for purposes of surety bond coverage through the Middlesex County Joint Insurance Fund. The processing of traffic and criminal cases entered in the State's information processing system indicated no exceptions with respect to items tested.

We suggest that Municipal Court complete an analysis of its outstanding bail in order to reconcile the cash bail on account per the Automated Traffic System/Automated Compliant System (ATS/ACS) with the cash bail per bank reconciliation.

#### Condition of Records – Outside Offices and Departments

Our reviews of records maintained by Outside Offices collecting fees were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A: 5-15, that amounts charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely.

The examination of the records of the various outside offices and departments indicated the following for the fiscal year ended December 31, 2013: We noted minor differences in departmental revenue reports and revenue recorded in the Finance Office. These differences were identified and reconciled, with most issues related to the preparation of the monthly departmental revenue reports.

## GENERAL COMMENTS

### OTHER MATTERS

#### Condition of Records – Outside Offices and Departments (Cont'd)

Compliance with 48-hour deposit requirement (N.J.S.A 40A: 5-15) was tested with exceptions noted for several departments.

The following Outside Offices maintains a bank account: Clerk and Health Department. We noted that all departments that maintain a bank account performed monthly bank reconciliation.

We suggest that all departments collecting fees continue to monitor and ensure compliance with N.J.S.A 40A: 5-15 and review revenue reports submitted to the Finance Department for accuracy on a consistent basis.

#### Administration and Accounting of State & Federal Grants

The Borough operated various programs during 2013, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad compliance and reporting requirements for grant awards, the Borough should continue to develop sound administrative functions over grant program.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements.

We suggest that the Borough continue to review all of the applicable grant requirements and the Borough's system of internal controls in order ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

## GENERAL COMMENTS

### OTHER MATTERS

#### Compliance with N.J.A.C 5:30:

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as "technical accounting directives", as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of South River is in compliance with this directive.

N.J.A.C. 5:30 – 5.6 - Fixed Asset Accounting: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough is in compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive.

#### Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

RECOMMENDATIONS

No recommendations were noted.

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During the course of our audit we received the complete cooperation of the various officials of the Borough of South River, and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA  
No. 406