

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2016**

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY**

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COUNTY OF OCEAN, NEW JERSEY**

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Point Pleasant Borough, County of Ocean, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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

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

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Point Pleasant Borough, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 28.96% and 27.37% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Point Pleasant Borough, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017 on our consideration of the Point Pleasant Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Point Pleasant Borough's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Toms River, New Jersey
June 14, 2017

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

The Honorable Mayor and Members of the
Borough Council
Point Pleasant Borough
Point Pleasant, New Jersey 08742

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of Point Pleasant Borough (herein referred to as “the Borough”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated June 14, 2017. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note I. Further, our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. The LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough’s financial statements will not be prevented, or detected and corrected on a

timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness as Finding 2016-01.

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 identified one deficiency in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-02 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is noted in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-03.

Response to Findings

The Borough's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs section. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Toms River, New Jersey
June 14, 2017

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BASIC FINANCIAL STATEMENTS

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Regular Fund:			
Cash:			
Treasurer	A-4	18,731,132	\$ 17,703,988
Change Fund	A	550	550
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A	22,008	26,967
Total Regular Fund		<u>18,753,690</u>	<u>17,731,505</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	656,309	1,009,435
Tax Title Liens Receivable	A-6	45,376	38,355
Revenue Accounts Receivable	A-7	7,195	13,515
Due From Interfunds:			
State & Federal Grant Fund	A-12	87,739	98,924
Other Trust	A-12	6	106
Total Receivables & Other Assets With Full Reserves		<u>796,625</u>	<u>1,160,335</u>
Deferred Charges:			
Community Disaster Loan Program	A	4,113,315	4,113,315
Emergency Authorization	A-3	-	40,000
Total Deferred Charges		<u>4,113,315</u>	<u>4,153,315</u>
Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>23,663,630</u>	<u>23,045,155</u>
State & Federal Grants:			
Cash	A-4	4,378	4,811
Grants Receivable	A-13	657,133	482,314
Total State & Federal Grants		<u>661,511</u>	<u>487,125</u>
Total Assets		<u>\$ 24,325,141</u>	<u>\$ 23,532,280</u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-8	\$ 834,311	\$ 558,997
Reserve for Encumbrances	A-3,A-4,A-8	585,111	646,280
Accounts Payable	A	62,112	158,147
Tax Overpayments	A	20,443	96,438
Prepaid Taxes	A-4,A-5	561,779	607,587
County Tax Payable	A-10	55,685	76,794
Community Disaster Loan Payable	A	4,113,315	4,113,315
Local District School Tax Payable	A-9	10,248,293	9,935,444
Miscellaneous Reserves:			
Reserve For Superstorm Sandy	A-11	65,623	319,921
Reserve For Tax Appeal	A-11	300,000	-
Sale of Municipal Assets	A-11	1,603,205	1,603,205
Due to State of NJ - Marriage License Fees	A-11	557	457
Due to State of NJ - DCA Training Fees	A-11	6,222	18,430
Subtotal		<u>18,456,656</u>	<u>18,135,015</u>
Reserve for Receivables & Other Assets	A	796,625	1,160,335
Fund Balance	A-1	<u>4,410,349</u>	<u>3,749,805</u>
Total Regular Fund		<u>23,663,630</u>	<u>23,045,155</u>
State & Federal Grants:			
Reserve for Grants Appropriated	A-14	197,410	341,017
Reserve for Grants Unappropriated	A-15	7,818	19,126
Reserve for Encumbrances	A-14	338,217	28,058
Due to Current Fund	A-12	87,739	98,924
Due to Trust Fund	A-12	30,327	-
Total State & Federal Grants		<u>661,511</u>	<u>487,125</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 24,325,141</u>	<u>\$ 23,532,280</u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,200,000	\$ 2,200,000
Miscellaneous Revenue Anticipated	2,924,333	2,939,527
Receipts From Delinquent Taxes & Tax Title Liens	976,053	1,316,265
Receipts From Current Taxes	61,754,268	60,751,061
Nonbudget Revenue	559,186	507,046
Other Credits to Income:		
Interfunds Liquidated	79,024	-
Cancellation of Overpayments	77,222	-
Cancellation of Accounts Payable	118,325	-
Unexpended Balance of Appropriation Reserves	707,229	532,599
	<u>69,395,640</u>	<u>68,246,498</u>
Total		
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	7,341,536	6,936,054
Other Expenses	6,098,634	6,088,370
Deferred Charges & Statutory Expenditures	1,695,793	1,562,681
Excluded From "CAPS":		
Operations:		
Other Expenses	509,407	680,258
Capital Improvements	110,000	110,000
Municipal Debt Service	2,195,602	2,355,442
Deferred Charges	40,000	405,998
County Taxes	13,818,645	13,650,734
Due County for Added & Omitted Taxes	56,139	77,248
Local District School Tax	34,594,008	33,968,308
Municipal Open Space Tax	65,508	64,224
Interfunds Advanced	-	8,106
Tax Appeal Refund	9,454	22,380
Refund of Prior Year Revenues	370	1,610
Miscellaneous Results of Operations	-	691
	<u>66,535,096</u>	<u>65,932,104</u>
Total Expenditures		
Excess/Deficit in Revenue	2,860,544	2,314,394
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	40,000
	<u>2,860,544</u>	<u>2,354,394</u>
Statutory Excess to Fund Balance		
Fund Balance January 1	3,749,805	3,595,411
	<u>6,610,349</u>	<u>5,949,805</u>
Total		
Decreased by: Utilization as Anticipated Revenue	2,200,000	2,200,000
	<u>\$ 4,410,349</u>	<u>\$ 3,749,805</u>
Fund Balance December 31		

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,200,000	\$ -	\$ 2,200,000	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	13,000	-	13,799	799
Fees & Permits:				
Uniform Construction Code Fees	400,000	-	575,900	175,900
Other	35,000	-	59,113	24,113
Fines & Costs:				
Municipal Court	140,000	-	177,890	37,890
Interest & Costs on Taxes	200,000	-	183,079	(16,921)
Interest on Investments & Deposits	15,000	-	57,648	42,648
Energy Receipts Tax	1,202,493	-	1,220,709	18,216
Consolidated Municipal Property				
Tax Relief Act	25,083	-	6,867	(18,216)
Clean Communities Program	-	48,616	48,616	-
Click It or Ticket Grant	-	5,000	5,000	-
Cops In Shops	-	2,400	2,400	-
Bullet Proof Vest	-	5,853	5,853	-
Drunk Driving Enforcement	17,063	-	17,063	-
Drive Sober or Get Pulled Over	-	5,000	5,000	-
Pedestrian Safety Education & Enforcement	-	11,000	11,000	-
Alcohol Education & Rehabilitation Fund	2,063	-	2,063	-
Recycling Tonnage Grant	31,325	-	31,325	-
Hazard Mitigation - Tideflex	-	77,940	77,940	-
FEMA -Sandy Reimbursement	319,921	-	319,921	-
CDBG - Floodplain Management	-	50,000	50,000	-
CDBG - Debris Mgmt Planning	-	50,000	50,000	-
Body Armor Replacement Fund	-	3,147	3,147	-
Total Miscellaneous Revenues	2,400,948	258,956	2,924,333	264,429
Receipts From Delinquent Taxes	900,000	-	976,053	76,053
Subtotal General Revenues	5,500,948	258,956	6,100,386	340,482
Local Tax for Municipal Purposes	14,094,057	-	15,010,044	915,987
Budget Totals	19,595,005	258,956	21,110,430	1,256,469
Nonbudget Revenues	-	-	559,186	559,186
Total	\$ 19,595,005	\$ 258,956	\$ 21,669,616	\$ 1,815,655

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 62,054,268
Less: Allocated for School, County Taxes & Open Space Taxes	48,534,300
Less: Reserve for Tax Appeals Pending	<u>300,000</u>
Total Allocation of Current Tax Collections	13,219,968
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,790,076</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 15,010,044</u>
Delinquent Property Taxes Receivable	<u>976,053</u>
Total Receipts From Delinquent Taxes	<u>\$ 976,053</u>
Fees & Permits:	
Zoning Board Permits	\$ 12,000
Tax Search Fees	50
Planning Board Permits	16,140
Board of Health Permits	<u>30,923</u>
Total Fees & Permits	<u>\$ 59,113</u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 19,988
Cell Tower Rental	13,402
Cable TV Fees	83,414
Grading and Drainage	31,413
Refund of Prior Year Expenditures	105,392
Hurricane Sandy Reimbursement	96,288
Sale of Assets	87,379
Beach Tags	4,984
Miscellaneous Other	<u>116,926</u>
Nonbudget Revenue	<u>\$ 559,186</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 51,900	\$ 51,900	\$ 49,704	\$ -	\$ 2,196	\$ -
Other Expenses	69,400	69,400	66,782	2,407	211	-
Mayor & Council:						
Salaries and Wages	33,600	33,600	33,600	-	-	-
Municipal Clerk:						
Salaries and Wages	106,475	106,475	92,176	-	14,299	-
Other Expenses	18,950	18,950	10,676	8,046	228	-
Elections	2,500	2,500	1,934	-	566	-
Financial Administration (Treasury):						
Salaries and Wages	111,151	111,151	105,698	-	5,453	-
Other Expenses	7,500	7,500	3,874	2,104	1,522	-
Audit Services:						
Annual Audit	45,000	45,000	19,086	450	25,464	-
Revenue Administration (Tax Collector):						
Salaries and Wages	67,084	67,084	66,908	-	176	-
Other Expenses	22,666	22,666	16,188	41	6,437	-
Tax Assessor:						
Salaries and Wages	157,516	157,528	157,528	-	-	-
Other Expenses	5,620	9,120	5,022	3,812	286	-
Cost of Tax Appeals	3,000	3,000	-	-	3,000	-
Legal Services:						
Other Expenses	200,000	200,000	135,811	38,089	26,100	-
Engineering Services & Costs:						
Other Expenses	100,000	86,000	47,666	33,993	4,341	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,500	9,300	9,291	-	9	-
Other Expenses	14,450	14,450	7,754	6,695	1	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	13,000	13,000	6,314	4,641	2,045	-
Zoning Officer:						
Salaries and Wages	107,846	107,846	106,423	-	1,423	-
Other Expenses	14,450	14,450	5,970	2,151	6,329	-
Insurance:						
Unemployment Insurance	1,886,000	1,886,000	1,815,354	-	70,646	-
Liability Insurance	200,000	200,000	189,991	-	10,009	-
Workers' Compensation Insurance	250,000	250,000	230,988	-	19,012	-
Employee Group Insurance		-	-	-	-	-
Group Health Waivers	40,000	36,500	12,268	-	24,232	-
Public Safety Functions:						
Police:						
Salaries and Wages	4,631,928	4,631,928	4,563,982	-	67,946	-
Other Expenses	337,043	337,043	237,876	90,068	9,099	-
Purchase of Police Vehicles		-	-	-	-	-
Emergency Management Services:						
Salaries and Wages	3,500	3,500	-	-	3,500	-
Other Expenses	4,250	4,250	616	2,275	1,359	-
Aid to Volunteer Fire Companies:						
Other Expenses	182,835	182,835	182,835	-	-	-
Fire Station No. 75						
Aid to Volunteer Ambulance Companies:						
Other Expenses	95,000	95,000	95,000	-	-	-
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,198,689	1,208,689	1,200,792	-	7,897	-
Other Expenses	148,600	162,600	131,461	28,260	2,879	-

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Other Public Works Functions:						
Recycling:						
Salaries and Wages	4,500	4,500	4,500	-	-	-
Other Expenses	276,300	342,300	316,037	22,734	3,529	-
Snow Removal:						
Salaries and Wages	80,000	80,000	55,296	-	24,704	-
Other Expenses	60,000	60,000	31,348	9,977	18,675	-
Solid Waste Collection:						
Contractual	560,500	560,500	499,256	43,364	17,880	-
Building & Grounds:						
Other Expenses	36,800	36,800	29,898	6,524	378	-
Community Services Act:						
Other Expenses	195,000	129,000	39,555	36,125	53,320	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	76,661	76,674	76,674	-	-	-
Other Expenses	2,245	2,245	1,866	127	252	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	369	-	831	-
Other Expenses	1,170	1,170	15	-	1,155	-
Animal Control Program:						
Other Expenses	34,000	34,000	34,000	-	-	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	278,054	278,054	276,432	-	1,622	-
Other Expenses	36,295	36,295	28,056	345	7,894	-
Utility Expense & Bulk Purchases:						
Electricity	110,000	110,000	71,776	28,224	10,000	-
Street Lighting	135,000	135,000	89,627	10,373	35,000	-
Telephone	40,000	40,000	21,811	1,719	16,470	-
Gasoline	115,000	115,000	73,092	4,328	37,580	-
Natural Gas	14,000	14,000	11,059	941	2,000	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	630,000	630,000	533,312	69,688	27,000	-
Municipal Court:						
Salaries and Wages	28,543	28,543	28,543	-	-	-
Other Expenses	4,900	4,900	1,150	-	3,750	-
Public Defender:						
Other Expenses	8,000	8,000	5,150	2,550	300	-
State Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	370,364	375,064	373,242	-	1,822	-
Other Expenses	19,000	19,000	6,248	394	12,358	-
Other Common Operating Functions:						
Salary Adjustments	30,000	14,060	-	-	14,060	-
Sick Pay Payouts	145,000	145,000	-	-	145,000	-
Judgements	100	100	-	-	100	-
Prior Year Bills:						
Contingent	1,000	1,000	-	-	1,000	-

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Total Operations Within "CAPS"						
Including Contingent	13,440,585	13,440,170	12,226,380	460,445	753,345	-
Detail:						
Salaries and Wages	7,501,011	7,341,536	7,209,658	-	131,878	-
Other Expenses	5,939,574	6,098,634	5,016,722	460,445	621,467	-
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	550,000	550,000	510,781	-	39,219	-
Public Employees' Retirement System	253,078	253,078	252,767	-	311	-
Police & Firemen's Retirement System	830,300	830,300	830,261	-	39	-
Unemployment Insurance Defined Contribution	60,000	60,000	60,000	-	-	-
Retirement Program	2,000	2,415	1,955	-	460	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,695,378	1,695,793	1,655,764	-	40,029	-
Total General Appropriations for Municipal Purposes Within "CAPS"	15,135,963	15,135,963	13,882,144	460,445	793,374	-
Operations Excluded From "CAPS":						
LOSAP	95,000	95,000	-	95,000	-	-
Shared Services Agreement:						
Municipal Court - Borough of Point Pleasant Beach	50,000	50,000	-	24,063	25,937	-
Tax Office, Barnegat Light	45,000	45,000	34,397	5,603	5,000	-
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Drunk Driving Enforcement	17,063	17,063	17,063	-	-	-
Clean Communities Program	-	48,616	48,616	-	-	-
Pedestrian Safety Grant	-	11,000	11,000	-	-	-
Alcohol Education & Rehabilitation Fund	2,063	2,063	2,063	-	-	-
Recycling Tonnage	31,325	31,325	31,325	-	-	-
Hazard Mitigation	-	77,940	77,940	-	-	-
CDBG - Floodplain	-	50,000	50,000	-	-	-
CDBG - GIS Study	-	50,000	50,000	-	-	-
Body Armor Grant	-	3,147	3,147	-	-	-
Bullet Proof Vest	-	5,853	5,853	-	-	-
Drive Sober or Get Pulled Over	-	5,000	5,000	-	-	-
Cops In Shops	-	2,400	2,400	-	-	-
Click It or Ticket	-	5,000	5,000	-	-	-
Total Operations Excluded from "CAPS"	250,451	509,407	343,804	124,666	40,937	-
Detail:						
Other Expenses						
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	110,000	110,000	110,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	110,000	110,000	110,000	-	-	-

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	1,630,000	1,630,000	1,630,000	-	-	-
Interest on Bonds	558,315	558,315	544,409	-	-	13,906
Interest on Notes	80,200	80,200	21,193	-	-	59,007
Total Municipal Debt Service Excluded From "CAPS"	2,268,515	2,268,515	2,195,602	-	-	72,913
Deferred Charges - Municipal - Excluded from "CAPS":						
Deferred Charge:						
Special Emergency Authorization	40,000	40,000	40,000	-	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS":	40,000	40,000	40,000	-	-	-
Total General Appropriations for Municipal Purposes Excluded from CAPS	2,668,966	2,927,922	2,689,406	124,666	40,937	72,913
Subtotal General Appropriations	17,804,929	18,063,885	16,571,550	585,111	834,311	72,913
Reserve For Uncollected Taxes	1,790,076	1,790,076	1,790,076	-	-	-
Total General Appropriations	\$ 19,595,005	\$ 19,853,961	\$ 18,361,626	\$ 585,111	\$ 834,311	\$ 72,913
Adopted Budget Chapter 159		\$ 19,595,005 258,956				
Total		\$ 19,853,961				
Interfunds:						
Federal & State Grant Fund			\$ 309,407			
Reserve for Uncollected Taxes			1,790,076			
Deferred Charges			40,000			
Disbursements			16,222,143			
Total			18,361,626			

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

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**BOROUGH OF POINT PLEASANT
TRUST FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Trust Fund:			
Cash	B-1	\$ 23,271	\$ 12,868
Change Fund	B	25	25
Total Animal Control Fund		<u>23,296</u>	<u>12,893</u>
Open Space Trust Fund:			
Cash	B-1	<u>271,117</u>	<u>267,273</u>
Total Open Space Trust		<u>271,117</u>	<u>267,273</u>
Other Trust Fund:			
Cash	B-1	1,858,136	2,113,317
Due from Grant Fund	A	<u>30,327</u>	<u>-</u>
Total Other Trust		<u>1,888,463</u>	<u>2,113,317</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited			
Funds Held by Trustee	B-7	<u>889,764</u>	<u>901,971</u>
Total LOSAP		<u>889,764</u>	<u>901,971</u>
Total - All Funds		<u>\$ 3,072,640</u>	<u>\$ 3,295,454</u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Reserve for Expenditures	B-3	<u>\$ 23,296</u>	<u>\$ 12,893</u>
Total Dog License Fund		<u>23,296</u>	<u>12,893</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	<u>271,117</u>	<u>267,273</u>
Total Open Space Trust		<u>271,117</u>	<u>267,273</u>
Other Trust Fund:			
Due to Board of Education	B	2,321	2,321
Due to Current Fund	B-1	6	106
Various Reserves	B-6	<u>1,886,136</u>	<u>2,110,890</u>
Total Other Trust		<u>1,888,463</u>	<u>2,113,317</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited			
Reserve for Length of Service Awards Program	B-8	<u>889,764</u>	<u>901,971</u>
Total LOSAP		<u>889,764</u>	<u>901,971</u>
Total - All Funds		<u>\$ 3,072,640</u>	<u>\$ 3,295,454</u>

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

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash	C-2	\$ 2,255,835	\$ 4,269,985
Deferred Charges to Future Taxation:			
Unfunded	C-5	4,228,765	3,247,340
Funded	C-4	16,788,399	18,449,315
Total		\$ 23,272,999	\$ 25,966,640
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-9	\$ 16,595,000	\$ 18,225,000
Green Acres Loan Payable	C-10	193,399	224,315
Bond Anticipation Notes Payable	C-7	3,500,000	3,500,000
Capital Improvement Fund	C-6	204,706	146,781
Improvement Authorizations:			
Unfunded	C-8	1,258,417	1,643,784
Funded	C-8	278,551	1,135,453
Reserve for Encumbrances	C-8	1,066,749	915,130
Reserve for Debt Service	C	98,228	98,228
Fund Balance	C-1	77,949	77,949
Total		\$ 23,272,999	\$ 25,966,640

There were bonds and notes authorized but not issued on December 31, 2016 of \$3,839,571 and on December 31, 2015 was \$2,858,146.

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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Operating Fund:			
Cash	D-5	\$ 1,399,778	\$ 1,220,744
Cash - Change Fund	D	300	300
Total		<u>1,400,078</u>	<u>1,221,044</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	435,206	474,318
Total Receivable & Other Assets With Full Reserves		<u>435,206</u>	<u>474,318</u>
Deferred Charges:			
Community Disaster Loan Program	D	703,909	703,909
Total Deferred Charges		<u>703,909</u>	<u>703,909</u>
Total Operating Fund		<u>2,539,193</u>	<u>2,399,271</u>
Capital Fund:			
Cash	D-5	1,847,932	2,658,103
Fixed Capital Authorized & Uncompleted	D-12	12,269,820	11,313,645
Fixed Capital	D-13	30,197,184	30,197,184
Total Capital Fund		<u>44,314,936</u>	<u>44,168,932</u>
Total Operating & Capital Fund		<u>\$ 46,854,129</u>	<u>\$ 46,568,203</u>

Bonds and Notes authorized but not issued as of December 31, 2016 was \$2,483,545 and as of December 31, 2015 was \$1,527,370.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2016	2015
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,D-9	\$ 138,639	\$ 95,462
Community Disaster Loan Payable	D	703,909	703,909
Accounts Payable	D	5,183	69,695
Reserve for Encumbrances	D-4,D-5	148,450	258,360
Consumer Overpayments	D	16,297	12,298
Prepaid Rents	D	89,942	12,593
Prepaid - Other Fees	D	980	-
Accrued Interest on Bonds & Notes	D-9	73,025	76,450
Subtotal		<u>1,176,425</u>	<u>1,228,767</u>
Reserve for Receivables	D	435,206	474,318
Fund Balance	D-1	<u>927,562</u>	<u>696,186</u>
Total Operating Fund		<u>2,539,193</u>	<u>2,399,271</u>
Capital Fund:			
Serial Bonds	D-17	5,055,000	5,345,000
NJEIT Loan Payable:			
Trust Loan	D-18	375,000	390,000
Fund Loan	D-19	355,411	376,317
Bond Anticipation Notes	D-20	3,200,000	3,200,000
Improvement Authorizations:			
Funded	D-16	1,036,250	1,145,335
Unfunded	D-16	895,020	862,821
Reserves for:			
Amortization	D-15	31,886,101	31,560,195
Deferred Amortization	D-14	420,816	420,816
Encumbrances	D-16	836,855	670,313
Debt Service	D	46,673	-
Capital Improvement Fund	D-11	130,042	120,367
Down Payment on Improvements	D	73,600	73,600
Fund Balance	D-2	<u>4,168</u>	<u>4,168</u>
Total Capital Fund		<u>44,314,936</u>	<u>44,168,932</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 46,854,129</u>	<u>\$ 46,568,203</u>

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ 189,634	\$ 732,226
Consumer Accounts Receivable	6,343,206	6,508,361
Interest on Delinquents	52,839	46,340
Miscellaneous	107,599	104,431
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	239,901	138,252
Cancellation of Accounts Payable	59,231	4,252
	6,992,410	7,533,862
Total Income		
Expenditures:		
Operating	5,618,716	5,920,892
Capital Improvements	60,000	60,000
Debt Service	529,181	608,295
Deferred Charges & Statutory Expenditures	360,078	479,934
Decrease in Accrued Interest	3,425	7,204
	6,571,400	7,076,325
Total Expenditures		
Excess/Deficit in Revenue	421,010	457,537
Fund Balance January 1	696,186	970,875
Less: Balance Appropriated	189,634	732,226
Fund Balance December 31	\$ 927,562	\$ 696,186

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015 and 2016	\$ 4,168
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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 189,634	\$ 189,634	\$ -
Rents	6,282,000	6,343,206	61,206
Interest on Delinquent Accounts	40,000	52,839	12,839
Miscellaneous	59,000	107,599	48,599
	<hr/>		
Total	\$ 6,570,634	\$ 6,693,278	\$ 122,644
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Miscellaneous

Tap Fees	\$ 2,500
On/Off Charges	1,070
Readings/Test	11,849
Other	16,284
Return Check Charge	240
Cost of Tax Sale	20,397
Meter Sale & Repairs	22,615
Connection Fees	6,165
Road Openings	17,725
Interest on Investments	8,754
	<hr/>
Total Miscellaneous	\$ 107,599
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELED
Operating:						
Salaries and Wages	\$ 1,326,611	\$ 1,276,611	\$ 1,199,775	\$ 1,294	\$ 75,542	\$ -
Other Expenses	1,760,105	1,824,105	1,650,091	147,156	26,858	-
Ocean County Utilities Authority	2,532,000	2,518,000	2,488,362	-	29,638	-
Debt Service:						
Payment of Bond Principal	290,000	290,000	290,000	-	-	-
Interest on Bonds	164,340	164,340	163,687	-	-	653
Interest on Notes	21,500	21,500	19,563	-	-	1,937
NJEIT Loan	56,000	56,000	55,931	-	-	69
Capital Improvements:						
Downpayment on Improvements	60,000	60,000	60,000	-	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	253,078	253,078	252,767	-	311	-
Social Security System (O.A.S.I)	92,000	92,000	85,710	-	6,290	-
Unemployment Compensation Insurance	15,000	15,000	15,000	-	-	-
Total Expenditures	\$ 6,570,634	\$ 6,570,634	\$ 6,280,886	\$ 148,450	\$ 138,639	\$ 2,659
			Cash Disbursements	\$ 6,217,461		
			Interfund -Utility Capital	60,000		
			Accrued Interest	3,425		
			Total	\$ 6,280,886		

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

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**BOROUGH OF POINT PLEASANT
COMPARATIVE GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Land	\$ 22,840,500	\$ 22,840,500
Buildings & Improvements	5,350,400	5,350,400
Equipment & Machinery	4,043,704	3,907,640
Vehicles	<u>6,301,066</u>	<u>6,177,689</u>
Total	<u>\$ 38,535,670</u>	<u>\$ 38,276,229</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 38,535,670</u>	<u>\$ 38,276,229</u>

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

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**BOROUGH OF POINT PLEASANT
PAYROLL FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Cash - Treasurer	F-1	\$ 140,839	\$ 122,547
Total		<u>\$ 140,839</u>	<u>\$ 122,547</u>
 LIABILITIES			
Payroll Taxes Payable	F-2	\$ 101,682	\$ 83,133
Payroll Reserve	F	<u>39,157</u>	<u>39,414</u>
Total		<u>\$ 140,839</u>	<u>\$ 122,547</u>

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

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

Component Units

The Borough of Point Pleasant had no component units as defined by Governmental Accounting Standards Board Statement No.14 as amended by GASB Statements 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Point Pleasant contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

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

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

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

Water/Sewer Utility Operating and Capital Funds - are used to account for water/sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water/sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water/sewer capital facilities are recorded within the Water/Sewer Utility Capital Fund.

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Payroll Fund - is used to account for the payroll activity of all the funds and the disbursements of payroll with holdings to the various cognizant agencies.

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

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

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

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

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

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

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

Fund Balances - Fund balances included in the current fund and water/sewer utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Point Pleasant Borough School District. Operations are charged for the full amount required to be raised from taxation to operate the regional high school district the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

County Taxes - The Borough is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by May 5th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

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

The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements.

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

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Impact of Recently Issued Accounting Principles – For the year ended December 31, 2016, the Borough implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Borough is required to measure certain investments at fair value for financial reporting purposes. In addition, the Borough is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Borough's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Subsequent Events - The Borough of Point Pleasant has evaluated subsequent events occurring after December 31, 2016 through the date of May 31, 2017 which is the date the financial statements were available to be issued.

Note 2. Cash

The Borough is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2016, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	\$ 26,532,418
Total Deposits	<u>\$ 26,532,418</u>

Reconciliation of Comparative Statements of Assets, Liabilities, Reserves and Fund Balance:

Current Fund	\$ 18,731,132
State & Federal Grant Fund	4,378
Animal Control Trust Fund	23,271
Open Space Trust Fund	271,117
Trust Fund - Other	1,858,136
General Capital Fund	2,255,835
Utility Operating Fund	1,399,778
Utility Capital Fund	1,847,932
Payroll	<u>140,839</u>
Total	<u>\$ 26,532,418</u>

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

Note 2. Cash (continued):

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Borough’s bank balance of \$26,660,883 was exposed to custodial credit risk as follows:

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Insured	\$ 250,000
Uninsured and uncollateralized	2,575,067
Collateralized in the Authority's Name	
Under GUDPA	<u>23,835,816</u>
Total	<u>\$ 26,660,883</u>

Note 3. Investments:

Custodial Credit Risk

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

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2016, are provided in the below schedule.

Investment Credit Risk

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Borough is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Borough;

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 3. Investments (continued):

- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2016, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Total Reported Value</u>
LOSAP	\$ 889,764	889,764	<u>\$ 889,764</u>
Total			<u>\$ 889,764</u>

Note 4. Accounts Receivable

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Borough's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>State & Federal Grant Fund</u>	<u>Water-Sewer Utility Fund</u>	<u>Total</u>
Federal & State Aid	\$ -	\$ 657,133	\$ -	\$ 657,133
Taxes	701,685	-	-	701,685
Utility Rents	-	-	435,206	435,206
Other	7,195	-	-	7,195
Total	<u>\$ 708,880</u>	<u>\$ 657,133</u>	<u>\$ 435,206</u>	<u>\$ 1,801,219</u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 5. Property Taxes

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

Comparison of Tax Rate Information

	2016	2015	2014
Total Tax Rate	<u>\$1.938</u>	<u>\$1.915</u>	<u>\$1.871</u>
Apportionment of Tax Rate:			
Municipal	0.436	0.430	0.424
Municipal Open Space	0.002	0.002	0.002
County	0.429	0.425	0.412
Local School	1.071	1.058	1.033

Net Valuation Taxable:

2016	<u>\$ 3,229,232,510</u>	
2015		<u>\$ 3,211,176,410</u>
2014		<u>\$3,211,392,070</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 62,849,396	\$ 62,054,268	98.73%
2015	61,853,741	60,751,061	98.22%
2014	60,236,252	58,642,131	97.35%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 45,376	\$ 656,309	\$ 701,685	1.12%
2015	38,355	1,009,436	1,047,791	1.69%
2014	19,657	1,404,053	1,423,710	2.36%

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. Water/Sewer Utility Service Charges

The following is a three-year comparison of water/sewer utility charges (rents) for the current and previous two years.

WATER/SEWER UTILITY

YEAR ENDED DECEMBER 31	BEGINNING RECEIVABLE	LEVY	TOTAL	CASH COLLECTIONS	COLLECTION PERCENTAGE
2016	\$ 474,318	\$ 6,322,706	\$ 6,797,024	\$ 6,343,206	93.32%
2015	686,512	6,296,167	6,982,679	6,508,085	93.20%
2014	1,007,684	5,791,177	6,798,861	6,112,349	89.90%

Note 7. Interfund Balances

Balances due to/from other funds at December 31, 2016 consist of the following:

Fund	Due From	Due To
Current Fund	\$ 87,745	\$ -
Grant Fund	-	118,066
Other Trust Fund	30,327	6
	<u>\$ 118,072</u>	<u>\$ 118,072</u>

The summary of interfund transfers follows:

Fund	Due From	Due To
Current Fund	\$ 98,924	\$ 50,327
Grant Fund	118,066	98,924
Other Trust Fund	96,258	163,997
	<u>\$ 313,248</u>	<u>\$ 313,248</u>

The purpose of these interfunds is short-term borrowings.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Fixed Assets

The following is a summary of the Fixed Asset Account Group for the year 2016:

	Balance December 31, 2015	Additions	Deletions/ Adjustments	Balance December 31, 2016
General Fixed Assets Account Group:				
Land	\$ 22,840,500	\$ -	\$ -	\$ 22,840,500
Buildings and Improvements	5,350,400	-	-	5,350,400
Equipment and Machinery	3,907,640	203,554	(67,490)	4,043,704
Vehicles	6,177,689	241,877	(118,500)	6,301,066
Water-Sewer Utility Fund:				
Fixed Capital	30,197,184	-	-	30,197,184
Fixed Capital Authorized and Uncompleted	11,313,645	956,175	-	12,269,820
	<u>\$ 79,787,058</u>	<u>\$ 1,401,606</u>	<u>\$ (185,990)</u>	<u>\$ 81,002,674</u>

Note 9. Debt

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

A. Long-Term Debt

General Capital Fund

During the fiscal year ended December 31, 2016 the following changes occurred in General Capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Serial Bonds	\$ 18,225,000	\$ -	\$ (1,630,000)	\$ 16,595,000	\$ 1,660,000
Bond Anticipation Notes	3,500,000	3,500,000	(3,500,000)	3,500,000	3,500,000
Green Acres Loan Payable	224,315	-	(30,916)	193,399	31,537
Total	<u>\$ 21,949,315</u>	<u>\$ 3,500,000</u>	<u>\$ (5,160,916)</u>	<u>\$ 20,288,399</u>	<u>\$ 5,191,537</u>

BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9. Debt (continued):

A. Long Term Debt (continued):

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

General Capital Fund

Bonds Payable:

In July 2010, the Borough issued \$14,890,000 general obligation bonds for general improvements. The annual maturities range from \$960,000 to \$1,480,000 through 2024, interest rates ranging from 3.000% to 4.000% \$10,025,000

In November 2015, the Borough issued \$7,300,000 general obligation bonds for general improvements. The annual maturities range from \$700,000 to \$1,220,000 through 2025, interest rates ranging from 2.000% to 4.000% 6,570,000

Total \$16,595,000

Loans Payable:

On November 20, 2000, the Borough received a \$148,836 loan under the Green Trust Loan Program for River and Maxon Avenue Beach Development. The loan is due in semi-annual installments ranging from \$4,274 to \$4,582 through 2020, interest rate at 2.00% \$ 35,408

On October 24, 2000, the Borough received a \$305,000 loan under the Green Trust Loan Program for McKenna Lake. The loan is due in semi-annual installments ranging from \$8,757 to \$9,387 through 2020, interest rate at 2.00% 72,559

On November 1, 2010, the Borough received a \$113,000 loan under the Green Trust Loan Program for Riverfront Park. The loan is due in semi-annual installments ranging from \$2,659 to \$3,479 through 2030, interest rate at 2.00% 85,432

Total \$ 193,399

Bond Anticipation Notes Payable:

On January 23, 2016, the Borough issued a bond anticipation note in the amount of \$3,500,000 with an interest rate of 0.610% maturing January 22, 2017 for the purpose of various capital improvements. \$ 3,500,000

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9. Debt (continued):

A. Long Term Debt (continued):

Water/Sewer Utility Fund

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
Serial Bonds	\$ 5,345,000	\$ -	\$ (290,000)	\$ 5,055,000	\$ 305,000
Bond Anticipation Notes	3,200,000	3,200,000	(3,200,000)	3,200,000	3,200,000
NJEIT Loan Payable	766,317	-	(35,906)	730,411	35,906
Total	<u>\$ 9,311,317</u>	<u>\$ 3,200,000</u>	<u>\$ (3,525,906)</u>	<u>\$ 8,985,411</u>	<u>\$ 3,540,906</u>

Bonds Payable:

In July 2010, the Borough issued \$4,980,000 general obligation bonds for utility improvements. The annual maturities range from \$220,000 to \$380,000 through 2029, interest rates ranging from 3.000% to 4.000%

3,770,000

In November 2015, the Borough issued \$1,360,000 general obligation bonds for utility improvements. The annual maturities range from \$85,000 to \$150,000 through 2029, interest rates ranging from 2.000% to 4.000%

1,285,000

Total

\$ 5,055,000

Loans Payable:

On May 21, 2014, the Borough received a \$816,161 loan under the New Jersey Environmental Infrastructure Trust Program. The loan consists of two agreements: a Trust Loan of \$405,000 to be repaid semi-annually until 2033 at interest rates ranging from 3.0% to 5.0%, and a Fund Loan of \$411,161 to be repaid semi-annually until 2033 at no Interest. The proceeds of this loan is to be utilized for the replacement of the Borough's pumping stations.

\$ 730,411

Total

\$ 730,411

Bond Anticipation Notes Payable:

On January 23, 2016, the Borough issued a bond anticipation note in the amount of \$3,500,000 with an interest rate of 0.610% maturing January 22, 2017 for the purpose of various capital improvements.

\$ 3,200,000

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9. Debt (continued):

A. Long Term Debt (continued):

Aggregate debt service requirements during the next five fiscal years and thereafter for the General Capital Fund are as follows:

Calendar Year	General Capital Debt				
	Bonded Debt		Green Trust Loan		Total
	Principal	Interest	Principal	Interest	
2017	\$ 1,660,000	\$ 483,559	\$ 31,537	\$ 3,711	\$ 2,178,807
2018	1,725,000	426,555	32,170	3,077	2,186,802
2019	1,800,000	375,918	32,817	2,431	2,211,166
2020	1,850,000	315,980	33,477	1,771	2,201,228
2021	1,950,000	266,430	5,787	1,239	2,223,456
2022-2026	7,610,000	485,768	30,730	4,404	8,130,902
2027-2030	-	-	26,881	1,224	28,105
	<u>\$ 16,595,000</u>	<u>\$ 2,354,210</u>	<u>\$ 193,399</u>	<u>\$ 17,857</u>	<u>\$ 19,160,466</u>

Aggregate debt service requirements during the next five fiscal years and thereafter for the Utility Capital Fund are as follows:

Calendar Year	Utility Capital Debt				
	Bonded Debt		NJFIT Loan		Total
	Principal	Interest	Principal	Interest	
2017	\$ 305,000	\$ 169,893	\$ 35,906	\$ 14,263	\$ 525,062
2018	380,000	160,492	35,906	13,513	589,911
2019	385,000	148,555	35,906	12,763	582,224
2020	400,000	135,042	40,906	12,013	587,961
2021	400,000	123,901	40,906	11,013	575,820
2022-2026	2,075,000	433,011	209,533	40,463	2,758,007
2027-2031	1,110,000	90,000	229,533	20,813	1,450,346
2032-2033	-	-	101,815	2,888	104,703
	<u>\$ 5,055,000</u>	<u>\$ 1,260,894</u>	<u>\$ 730,411</u>	<u>\$ 127,729</u>	<u>\$ 7,174,034</u>

Calculation of "Self-Liquidating Purposes"

Water-Sewer Utility per N.J.S.A. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 6,474,494
Deductions:	
Operating and Maintenance Costs	6,510,634
Debt Service	<u>531,840</u>
Deficit in Revenue	<u>\$ (36,140)</u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9. Debt (continued):

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.840%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District	\$ 20,743,000	\$ 20,743,000	\$ -
Water & Sewer Utility	10,613,478	9,890,672	722,806
General Debt	20,995,564	-	20,995,564
	<hr/>		
Total	\$ 52,352,042	\$ 30,633,672	\$ 21,718,370

Net Debt, \$21,718,370, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$3,290,082,555, equals 0.660%

B. Short-Term Debt

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

The Borough issued a BAN for \$6,700,000 on January 23, 2016 with an interest rate of .61% with a maturity date of January 22, 2017. The Capital Fund takes \$3,500,000 and the Utility Fund Capital \$3,200,000 in the BAN.

C. Bonds and Notes Authorized But Not Issued

On December 31, 2016, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$3,839,571
Water/Sewer Capital	2,483,571

Note 10. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation, as calculated by the Borough, would approximate \$1,554,984 at December 31, 2016 in accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying statements.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 11. Fund Balances Appropriated

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

Year	Balance December 31	Utilized in Budget of Succeeding Year	Percentage of Balance
<u>Current Fund</u>			
2016	\$ 4,410,349	\$ 2,500,000	57%
2015	3,749,805	2,200,000	59%
2014	3,595,411	2,200,000	61%
<u>Water/Sewer Fund</u>			
2016	\$ 927,562	\$ 500,272	54%
2015	696,186	189,634	27%
2014	970,875	732,226	75%

Note 12. Taxes Collected in Advance

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

Balance December 31,	2016	2015
Prepaid Taxes	\$561,779	\$607,587
Prepaid Rents	<u>89,942</u>	<u>12,593</u>
Total Prepaid	<u>\$621,721</u>	<u>\$620,180</u>

Note 13. Assessments and Collection of Property Taxes

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 14. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Dec 31, 2016	Budget Appropriation
Current Fund:		
Community Disaster Loan Program	\$ 4,113,315	\$ -
Utility Operating Fund:		
Community Disaster Loan Program	\$ 652,147	\$ -

Note 15. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$17,395,077 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .05873%, which was an increase of .00348% from its proportion measured as of June 30, 2015.

BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 15. Pension Obligations (continued):

Collective Balances at December 31, 2016 & December 31, 2015		
	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	5,328,928	1,848,665
Deferred Inflows of Resources	73,799	293,044
Net Pension Liability	17,395,077	12,402,444
 Municipality's Portion of the Plan's Total		
Net Pension Liability	0.05873%	0.05525%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 323,496	\$ -
Changes of Assumptions	\$ 3,603,331	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 663,290	\$ -
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>\$ 738,811</u>	<u>\$ 73,799</u>
	<u>\$ 5,328,928</u>	<u>\$ 73,799</u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending		
Dec 31,	PERS	
2017	\$	1,169,219
2018	\$	1,169,223
2019	\$	1,324,977
2020	\$	1,122,285
2021	\$	<u>469,422</u>
	\$	<u>5,255,126</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits,

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 21,315,637	\$ 17,395,077	\$ 14,158,315

B. Police and Firemen’s Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen’s Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$835,440 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$19,573,466. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .10247%, which was an increase of .0005% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	4,476,494.00	3,575,326.00
Deferred Inflows of Resources	128,307.00	442,097.00
Net Pension Liability	19,573,466.00	16,984,483.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.10247%	0.10197%

BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 15. Pension Obligations (continued):

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 128,307
Changes of Assumptions	\$ 2,711,086	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 1,371,473	\$ -
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>\$ 393,935</u>	<u>\$ -</u>
	<u>\$ 4,476,494</u>	<u>\$ 128,307</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending	
<u>Dec 31,</u>	<u>PFRS</u>
2017	\$ 1,059,955
2018	\$ 1,059,953
2019	\$ 1,383,030
2020	\$ 791,379
2021	<u>\$ 53,870</u>
	<u>\$ 4,348,187</u>

BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 15. Pension Obligations (continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this

legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$1,643,686 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .10247%, which was an increase of .0005% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 19,573,466
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>\$ 1,643,686</u>
Total Net Pension Liability	<u><u>\$ 21,217,152</u></u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$2,210,869.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. Pension Obligations (continued):

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan

investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	(4.55%)	(5.55%)	(6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 25,238,549	\$ 19,573,466	\$ 14,953,931

C. Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 16. Risk Management

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

Note 17. Deferred Compensation

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, retirement, death, or unforeseeable emergency.

All compensation deferred under the program and all income attributable to these amounts are (until paid or made available to the employee or other beneficiary) solely the property and right of the Borough. The program balances are recorded in the Trust Fund of the Borough.

Note 18. School Taxes

Local District School taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes.

At year end taxes due consisted of the following:

	<u>Local District School Tax</u>	
	Balance December 31, 2016	Balance December 31, 2015
Tax Payable	\$10,248,293	\$ 9,935,444
Deferred	<u>7,048,707</u>	<u>7,048,707</u>
Total Unpaid School Taxes	<u>\$17,297,000</u>	<u>\$16,984,151</u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 19. Contingent Liabilities

A. State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Borough estimates that no material liabilities will result from such audits.

B. Pending Litigation

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

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

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

C. FEMA Community Disaster Loan

In 2013, the Borough submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$4,817,224 in relation to Super Storm Sandy losses and expenditures. The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note was executed. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

Note 20. Length of Service Award Program ("LOSAP") (unaudited):

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 20. Length of Service Award Program (“LOSAP”) (unaudited) (continued):

Annual Contributions – The annual contribution to be made by the Borough for each active volunteer member was \$1,607 per year of active emergency service.

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

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

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

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

Terms of Participation – The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust.

Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

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

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

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 21. Other Post-Employment Benefits:

Plan Description

The Borough of Point Pleasant provides a single-employee defined benefit healthcare plan administered by Aquarius Capital Solutions Group, LLC and Horizon Blue Cross/Blue Shield of NJ. The Borough provides, pursuant to Council action and as provided by resolution, certain group healthcare and dental benefits for active and certain retired employees and their covered dependents, as well as Medicare Part B reimbursement (for those retirees that receive fully-subsidized benefits). Active employees who retire from the Borough and meet the eligibility criteria are eligible to receive these benefits from the Borough at no cost.

The Borough implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, in 2009.

Funding Policy

The Borough's funding policy is pay-as-you-go.

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual Other Post-Employment Benefits ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Borough's net OPEB obligation:

January 1, 2015 Net OPEB Obligation	\$ 25,723,807
Amortization of Unfunded Actuarial Accrued Liability	\$ 857,460
Interest on Net OPEB Obligation	\$ 34,298
Total Service Cost with Interest- January 1, 2016 - December 31, 2016	<u>\$ 778,580</u>
Annual Required Contribution	<u>\$ 1,670,338</u>
Projected Contributions Made	\$ (614,330)
Net OPEB Expense - December 31, 2016	<u>\$ 1,056,008</u>

BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 21. Other Post-Employment Benefits (continued):

The Borough's annual OPEB Cost Summary is as follows:

Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	\$ 1,670,338	36.78%	\$ 1,056,008

Actuarial Methods and Assumptions

The assumptions utilized in the computations are as follows:

Discount Rate	4%
Mortality Table	Sex-distinct RP-2014 Mortality Table
Turnover	Standard Turnover Assumptions
Amortization Period	30 Years
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Percentage of Payroll
Participant Percentage	100%

Other Post Employment Benefit Costs and Obligations

The annual non-pension post-employment benefit ("OPEB") cost is actuarially-determined in accordance with the parameters of the alternative measurement method. It represents the actuarially-determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year amortization of the difference between the actuarial accrued liability and amounts previously recognized. The Borough has not recognized OPEB costs in the past.

The following are the components of the 2015 annual OPEB cost:

Normal Cost	\$ 25,723,807
Amortization Cost	<u>\$ 857,460</u>
December 31, 2015 OPEB Obligation	<u><u>\$ 26,581,267</u></u>

Funded Status

The Borough provides funding for the annual normal cost of OPEB benefits. The Borough has not provided any funding for its unfunded accrued OPEB obligation.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	CURRENT	FEDERAL & STATE GRANT FUNDS
Balance December 31, 2015	\$ 17,703,988	\$ 4,811
Increased by Receipts:		
Miscellaneous Reserves	\$ 100,423	
Taxes Receivable	62,322,578	
Prepaid Taxes	561,779	
Revenue Accounts Receivable	2,295,005	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	192,647	
Nonbudget Revenue	559,186	
Interfunds	98,924	\$ 118,066
Unappropriated Grants	-	90,906
Federal & State Grants Receivable	-	32,374
	66,130,542	241,346
Subtotal	66,130,542	241,346
Total	83,834,530	246,157
Decreased by Disbursements:		
2016 Appropriations	16,222,143	
2015 Reserve Appropriations	434,360	
County Taxes	13,895,893	
Local District School Tax	34,281,159	
Open Space Tax	65,508	
Miscellaneous Reserves	46,908	
Accounts Payable	34,069	
Interfunds	50,327	\$ 98,924
Tax Overpayments	73,031	
Reserve for Federal & State Grant Funds - Appropriated	-	142,855
	65,103,398	241,779
Total Disbursements	65,103,398	241,779
Balance December 31, 2016	\$ 18,731,132	\$ 4,378

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTED 2015	COLLECTED 2016	DUE FROM STATE OF NEW JERSEY	CANCELLED	TRANSFER TO TAX TITLE LIEN	BALANCE DECEMBER 31, 2016
2013	\$ 8,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,593
2014	9,740	-	-	-	-	-	-	-	9,740
2015	991,102	-	-	-	982,818	(6,765)	5,077	-	9,972
Total	1,009,435	-	-	-	982,818	(6,765)	5,077	-	28,305
2016	-	62,582,526	266,870	607,587	61,254,034	192,647	160,103	7,021	628,004
Total	\$ 1,009,435	\$ 62,582,526	\$ 266,870	\$ 607,587	\$ 62,236,852	\$ 185,882	\$ 165,180	\$ 7,021	\$ 656,309

Cash Receipts	\$ 62,322,578
Overpayments	(85,726)
Total	<u>\$ 62,236,852</u>

ANALYSIS OF 2016 PROPERTY TAX LEVY

General Purpose Tax	\$ 62,582,526
Added & Omitted Taxes (54:4-6 et seq)	<u>266,870</u>
Total	<u>\$ 62,849,396</u>
TAX LEVY:	
Local District School Tax	\$ -
General County Tax	\$ 11,705,796
County Library Tax	1,260,399
County Open Space	397,942
County Health Tax	454,508
Due County for Added & Omitted Taxes	56,139
Local Tax for Municipal Purposes	14,094,057
Municipal Open Space	65,508
Add: Additional Taxes Levied	221,039
Total	<u>\$ 34,594,008</u>

Total \$ 62,849,396

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 38,355
Increased by:	
Transfers from Taxes Receivable	<u>7,021</u>
Balance December 31, 2016	<u><u>\$ 45,376</u></u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ACCRUED IN 2016	REALIZED	BALANCE DECEMBER 31, 2016
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 13,799	\$ 13,799	\$ -
Construction Code Fees	-	575,900	575,900	-
Fees and Permits - Other	-	59,113	59,113	-
Municipal Court	13,515	171,570	177,890	7,195
Interest on Investments & Deposits	-	57,648	57,648	-
Interest on Costs on Taxes	-	183,079	183,079	-
Energy Receipts Tax	-	1,220,709	1,220,709	-
Consolidated Municipal Property Tax Relief Aid	-	6,867	6,867	-
Total	<u>\$ 13,515</u>	<u>\$ 2,288,685</u>	<u>\$ 2,295,005</u>	<u>\$ 7,195</u>
Cash Receipts			<u>\$ 2,295,005</u>	
Total			<u><u>\$ 2,295,005</u></u>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
OPERATIONS WITHIN "CAPS":					
General Government Functions:					
General Administration:					
Salaries and Wages	\$ -	1,680	\$ 1,680	\$ -	\$ 1,680
Other Expenses	31,489	2,943	34,432	28,048	6,384
Mayor and Council:					
Salaries and Wages	-	214	214	-	214
Municipal Clerk:					
Salaries and Wages	-	60	60	-	60
Other Expenses	-	3,522	3,522	-	3,522
Financial Administration (Treasury):					
Salaries and Wages	-	230	230	-	230
Other Expenses	3,639	3,927	7,566	3,331	4,235
Audit Services:					
Annual Audit	2,337	30,000	32,337	2,175	30,162
Revenue Administration (Tax Collector):					
Salaries and Wages	-	1	1	-	1
Other Expenses	3,479	2,899	6,378	3,493	2,885
Tax Assessor:					
Salaries and Wages	-	7	7	-	7
Other Expenses	175	2,620	2,795	175	2,620
Cost of Tax Appeals	-	2,899	2,899	-	2,899
Legal Services:					
Other Expenses	27,187	31,388	58,575	13,987	44,588
Engineering Services & Costs:					
Other Expenses	1,476	251	1,727	1,472	255
Land Use Administration:					
Planning Board:					
Salaries and Wages	-	802	802	-	802
Other Expenses	4,840	2,424	7,264	1,695	5,569
Zoning Board of Adjustment:					
Other Expenses	6,563	-	6,563	6,055	508
Zoning Officer:					
Salaries and Wages	-	3,287	3,287	-	3,287
Other Expenses	671	2,431	3,102	650	2,452
Insurance:					
General Liability	-	6,000	6,000	4,311	1,689
Employee Group Health	180.00	83,141	73,321	180	73,141
Workers' Compensation Insurance	-	7,161	7,161	4,311	2,850
Group Health Waivers	-	3,221	3,221	1,740	1,481
Public Safety Functions:					
Police:					
Salaries and Wages	-	52,453	52,453	5,909	46,544
Other Expenses	64,653	29,442	94,095	37,335	56,760
Purchase of Police Vehicles	-	1,000	1,000	-	1,000
Office of Emergency Management					
Salaries and Wages	-	111	111	-	111
Other Expenses	2,953	817	3,770	1,638	2,132

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Public Works Functions:					
Road Repairs & Maintenance:					
Salaries and Wages	-	4,577	4,577	2,260	2,317
Other Expenses	27,441	13,889	35,530	11,607	23,923
Other Public Works Functions					
Recycling:					
Salaries and Wages	-	2,042	2,042	-	2,042
Other Expenses	14,443	1,000	21,243	18,973	2,270
Solid Waste Collection:					
Contractual	41,500	5,000	46,500	41,500	5,000
Building & Grounds:					
Other Expenses	4,774	1,463	6,237	2,152	4,085
Community Services Act					
Other Expenses	73,565	940	84,505	79,456	5,049
Health & Human Services:					
Board of Health:					
Salaries and Wages	-	1,160	1,160	-	1,160
Other Expenses	220	58	278	220	58
Environmental Commission:					
Salaries and Wages	-	844	844	-	844
Other Expenses	315	465	780	278	502
Animal Control Program:					
Other Expenses	-	1,500	1,500	-	1,500
Park & Recreation Functions:					
Recreation Services & Programs:					
Salaries and Wages		4,984	4,984	1,512	3,472
Other Expenses	1,656	2,386	4,042	1,509	2,533
Utility Expense & Bulk Purchases:					
Electricity	29,388	10,000	39,388	5,750	33,638
Street Lighting	41,587	10,000	51,587	17,355	34,232
Telephone	6,748	39	6,787	2,846	3,941
Gasoline	23,386	20,625	44,011	2,900	41,111
Natural Gas	6,604	69	6,673	148	6,525
Landfill/Solid Waste Disposal Costs:					
Landfill Dumping Fees	58,449	37,500	95,949	49,194	46,755
Municipal Court:					
Other Expenses	100	6,050	6,150	100	6,050
Public Defender					
Other Expenses	800	2,100	2,900	-	2,900
State Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	-	6,026	6,026	1,656	4,370
Other Expenses	5,844	1,481	7,325	4,506	2,819
Other Common Operating Functions:					
Sick Payouts	-	33,432	33,432	-	33,432
Contingent	-	1,000	1,000	-	1,000
Blood Borne Pathogens - Hep B					
PY Bills KRS Consulting	1,815.00	7,214	9,029	-	9,029
Judgements	-	100	100	-	100

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Deferred Charges & Statutory Expenditures:					
Statutory Expenditures:					
Social Security System (O.A.S.I)	-	20,903	20,903	-	20,903
Defined Contribution Retirement Program	-	220	220	-	220
Public Employees' Retirement System	-	11,999	11,999	-	11,999
Police and Fireman's Retirement System	-	10,000	10,000	-	10,000
<hr/>					
Total General Appropriations for Municipal Purposes Within "CAPS"	488,277	493,997	982,274	360,427	621,847
<hr/>					
Operations Excluded From "CAPS":					
Length of Service Awards Program	95,000	-	95,000	77,136	17,864
Shared Services Agreement:					
Municipal Court - Borough of Pt. Pleasant Bea	50,000	-	50,000	50,000	-
Uniform Construction Code- Borough of Pt. Pleasant Beach	-	50,000	50,000	-	50,000
Insurance:					
Employee Group Health Insurance			-	-	-
Tax Office, Barnegat Light	13,003	5,000	18,003	10,485	7,518
Matching Funds for Grants	-	10,000	10,000	-	10,000
<hr/>					
Total Operations Excluded from "CAPS"	158,003	65,000	223,003	137,621	85,382
<hr/>					
Total	\$ 646,280	\$ 558,997	\$ 1,205,277	\$ 498,048	\$ 707,229
				Cash Disbursements	\$ 434,360
				Accounts Payable	63,688
				<hr/>	<hr/>
				\$	498,048
				<hr/>	<hr/>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015			
School Tax Payable	\$	9,935,444	
School Tax Deferred		<u>7,048,707</u>	\$ 16,984,151
Increased by:			
Calendar Year Levy - 2016			<u>34,594,008</u>
Subtotal			51,578,159
Decreased by:			
Cash Disbursements			<u>34,281,159</u>
Balance December 31, 2016			
School Tax Payable		10,248,293	
School Tax Deferred		<u>7,048,707</u>	
Total			<u><u>\$ 17,297,000</u></u>
2016 Liability for Local District School Tax:			
Tax Paid	\$		34,281,159
Tax Payable December 31, 2016			<u>10,248,293</u>
Subtotal			44,529,452
Less: Tax Payable December 31, 2015			<u>9,935,444</u>
Amount Charged to 2016 Operations			<u><u>\$ 34,594,008</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	76,794
Increased by:			
County Tax	\$	11,705,796	
County Library Tax		1,260,399	
County Open Space		397,942	
County Health Tax		454,508	
Added & Omitted Taxes		56,139	13,874,784
			<hr/>
Subtotal			13,951,578
Decreased by:			
Disbursements			13,895,893
			<hr/>
Balance December 31, 2016		\$	<u>55,685</u>

**SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	INCREASES	DECREASES	BALANCE DECEMBER 31, 2016
Reserve for Superstorm Sandy	\$ 319,921	\$ 65,623	\$ 319,921	\$ 65,623
Reserve for Tax Appeal	-	300,000	-	300,000
Reserve for Sale of Municipal Assets	1,603,205	-	-	1,603,205
Due State of New Jersey:				
Marriage License Fees	457	2,750	2,650	557
DCA Training Fees	18,430	32,050	44,258	6,222
				<hr/>
Total	\$ 1,942,013	\$ 400,423	\$ 366,829	\$ 1,975,607
				<hr/>
			\$ 46,908	
			319,921	
			<hr/>	
			\$ 366,829	
			<hr/>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	TOTAL	GRANT FUND	TRUST OTHER FUND
Balance December 31, 2015 Due from/(to)	\$ 99,030	\$ 98,924	\$ 106
Interfunds Created	397,214	397,146	68
Total Increases	397,214	397,146	68
Subtotal	496,244	496,070	174
Decreased by:			
Interfunds Liquidated	309,407	309,407	
Prior Year Interfund Received	99,092	98,924	168
Total Decreases	408,499	408,331	168
Balance December 31, 2016 Due from/(to)	\$ 87,745	\$ 87,739	\$ 6

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	2016 ANTICIPATED REVENUE	CHAPTER 159	RECEIVED	TRANSFER FROM UNAPPROPRIATED	BALANCE DECEMBER 31, 2016
State Grants:						
Municipal Alliance on Alcoholism and Drug Abuse	\$ 24,508	\$ -	-	-	\$ -	\$ 24,508
Bulletproof Vest Partnership Grant	6,518	-	5,853	-	-	12,371
Clean Communities Program	-	-	48,616	-	48,616	-
Click It or Ticket	1,200	-	5,000	5,000	-	1,200
Drive Sober or Get Pulled Over	5,950	-	5,000	4,800	-	6,150
FEMA - Emergency Generator	262,650	-	-	-	-	262,650
Hazard Mitigation - Tideflex	-	-	77,940	-	-	77,940
CDBG - GIS Study	-	-	50,000	-	-	50,000
CDBG - Floodplain Management	-	-	50,000	-	-	50,000
NJ Transportation Trust Fund Authority Act: West End Drive - 2008 Municipal Aid	783	-	-	-	-	783
Riverwood Avenue	90,744	-	-	-	-	90,744
2013 NJ Municipal DOT	50,000	-	-	-	-	50,000
Community Development Block Grant: CT - 884-09	1,561	-	-	-	-	1,561
Recycling Tonnage Grant	-	31,325	-	-	31,325	-
Alcohol Education & Rehabilitation	-	2,063	-	-	2,063	-
Cops in Shops	2,400	-	2,400	800	-	4,000
Pedestrian Safety Grant	-	-	11,000	-	-	11,000
Drunk Driving Enforcement Grant	-	17,063	-	-	17,063	-
Body Armor Replacement Grant	-	-	3,147	-	3,147	-
Smart Future Growth Grant	6,000	-	-	-	-	6,000
Strategic Recovery Planning Report	30,000	-	-	21,774	-	8,226
Total Grant Funds	\$ 482,314	\$ 50,451	\$ 258,956	\$ 32,374	\$ 102,214	\$ 657,133

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	TRANSFER FROM 2016 BUDGET APPROPRIATION	CHAPTER 159	EXPENDED	PRIOR YEAR ENCUMBRANCES	CURRENT YEAR ENCUMBRANCES	BALANCE DECEMBER 31, 2016
Clean Communities Program	30,369	\$ -	48,616	\$ 60,649	\$ 204	\$ 805	\$ 17,735
Alcohol Education Rehabilitation Fund	9,395	2,063	-	-	-	-	11,458
Pedestrian Safety Education and Enforcement	8,794	-	11,000	3,300	-	-	16,494
Body Armor Replacement Grant	3,279	-	3,147	-	-	-	6,426
Bullet Proof Partnership Grant	2,558	-	5,853	-	-	-	8,411
Click It or Ticket	3,800	-	5,000	7,600	-	-	1,200
Hazard Mitigation - Tideflex	-	-	77,940	4,995	-	5,545	67,400
FEMA - Generator Project	231,650	-	-	15,114	16,298	232,834	-
CDBG - GIS Study	-	-	50,000	-	-	47,720	2,280
CDBG - Floodplain Mgmt	-	-	50,000	-	-	46,720	3,280
NJ Transportation Trust Fund Authority Act: Riverwood Avenue	22,013	-	-	-	-	-	22,013
Community Development Block Grant: CT - 884-09	-	-	-	-	3,568	-	3,568
Recycling Tonnage Grant	1,898	31,325	-	35,341	5,446	3,328	-
Strategic Recovery Planning Report	7,100	-	-	1,277	2,542	1,265	7,100
Cops in Shops	2,482	-	2,400	1,000	-	-	3,882
Drive Sober Grant	5,203	-	5,000	6,828	-	-	3,375
Drunk Driving Enforcement Fund Over the Limit Grant	8,099	17,063	-	6,751	-	-	18,411
	4,377	-	-	-	-	-	4,377
Total	\$ 341,017	\$ 50,451	\$ 258,956	\$ 142,855	\$ 28,058	\$ 338,217	\$ 197,410

**BOROUGH OF POINT PLEASANT
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	RECEIVED 2016	UTILIZED AS REVENUE	BALANCE DECEMBER 31, 2016
Alcohol Education and Rehabilitation Fund	\$ 2,063	\$ 1,874	\$ 2,063	\$ 1,874
Drunk Driving Enforcement	17,063	5,944	17,063	5,944
Recycling Tonage Grant	-	31,325	31,325	-
Body Armor Grant	-	3,147	3,147	-
Clean Community Grant	-	48,616	48,616	-
Total	<u>\$ 19,126</u>	<u>\$ 90,906</u>	<u>\$ 102,214</u>	<u>\$ 7,818</u>

TRUST FUND

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**BOROUGH OF POINT PLEASANT
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>OTHER</u>	<u>OPEN SPACE</u>	<u>DOG LICENSE</u>
Balance December 31, 2015	\$ 2,113,317	\$ 267,273	\$ 12,868
Increased by Receipts:			
Various Reserves	\$ 3,372,522	\$ -	\$ -
Interfunds	-	65,508	30,750
Interest Earnings	-	621	-
State Registration Fees	-	-	2,474
License Fees & Others	-	-	18,683
Total Increases	<u>3,372,522</u>	<u>66,129</u>	<u>51,907</u>
Total Increases & Balances	<u>5,485,839</u>	<u>333,402</u>	<u>64,775</u>
Decreased by Disbursements:			
Various Reserves	3,597,276	-	-
Interfunds	30,427	-	-
Reserve for Municipal Open Space	-	62,285	-
State Registration Fees	-	-	2,474
Expenditures Under R.S.4:19-15.11	-	-	39,030
Total Disbursements	<u>3,627,703</u>	<u>62,285</u>	<u>41,504</u>
Balance December 31, 2016	<u>\$ 1,858,136</u>	<u>\$ 271,117</u>	<u>\$ 23,271</u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF DUE/(FROM) STATE FOR DOG REGISTRATION FEES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ -
Increased by:	
State Registration Fees	<u>2,474</u>
Subtotal	2,474
Decreased by:	
Disbursements	<u>2,474</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 12,893
Increased by:	
Dog License Fees Collected	18,683
Transfer from Current	<u>30,750</u>
Subtotal	62,326
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>39,030</u>
Balance December 31, 2016	<u><u>\$ 23,296</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2014	\$ 15,939
2015	<u>21,745</u>
Total	<u><u>\$ 37,684</u></u>

**BOROUGH OF POINT PLEASANT
OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	267,273
Increased by:		
Open Space Tax Levied	\$	65,508
Interest Earnings		621
		<u>66,129</u>
Subtotal		333,402
Decreased by:		
Open Space Expenditures		<u>62,285</u>
Balance December 31, 2016	\$	<u><u>271,117</u></u>

**SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	-
Increased by:		
Open Space Tax Levy		<u>65,508</u>
Subtotal		65,508
Decreased by:		
Cash Receipts		<u>65,508</u>
Balance December 31, 2016	\$	<u><u>-</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2016
Reserve For:				
Law Enforcement	\$ 31,989	\$ 2,065	\$ 2,677	\$ 31,377
Affordable Housing	173,437	55,989	131,814	97,612
Public Defender	31,940	4,607	-	36,547
Recreation	95,556	414,683	429,969	80,270
POAA Funds	440	104	-	544
Safety Awards	296	250	-	546
Environmental Commission	3,643	4,250	3,530	4,363
Demolition Permits	20,000	23,000	34,000	9,000
Escrow Zoning Board	31,418	37,349	39,685	29,082
Planning Board	34,707	63,106	60,333	37,480
Recycling	34,147	30,541	64,684	4
Police Outside Services	130,257	312,893	285,071	158,079
Lien & Premium Account	1,319,360	2,279,176	2,397,284	1,201,252
Forfeited Funds	3,168	-	-	3,168
Unemployment Trust	15,844	75,038	57,468	33,414
Engineering Escrow	32,905	13,645	17,426	29,124
Police - Dare, Explorer, Summer	7,792	2,573	1,254	9,111
Grading Escrow	6,370	8,550	7,800	7,120
Individual Escrow	137,621	44,703	64,281	118,043
Total	<u>\$ 2,110,890</u>	<u>\$ 3,372,522</u>	<u>\$ 3,597,276</u>	<u>\$ 1,886,136</u>

BOROUGH OF POINT PLEASANT
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - (UNAUDITED)
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2014		\$ 901,971
Increased by:		
Township Contributions	\$ 77,136	
Appreciation on Investments	36,076	
Interest Earnings	4,062	117,274
		<hr/>
Subtotal		1,019,245
Decreased by:		
Withdrawals	129,481	129,481
		<hr/>
Balance, December 31, 2016		<u>\$ 889,764</u>

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GENERAL CAPITAL FUND

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015 & 2016	\$ <u>77,949</u>
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**SCHEDULE OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 4,269,985
Increased by:	
Refunded	\$ 8,000
Bond Anticipation Notes Issued	3,500,000
Capital Improvement Fund	<u>110,000</u>
	3,618,000
Subtotal	7,887,985
Decreased by:	
Bond Anticipation Note Matured	3,500,000
Improvement Authorizations	<u>2,132,150</u>
	5,632,150
Balance December 31, 2016	\$ <u>2,255,835</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund Balance	77,949
Capital Improvement Fund	204,706
Reserve for Encumbrances	1,066,749
Reserve for Debt Service	98,228
Overfunded BAN	3,110,806

Improvement Authorizations:

ORDINANCE NUMBER	DESCRIPTION	
99-16, 01-25	Various General Improvements	315
01-12	Various General Improvements	1,444
02-18	Various Capital Improvements	1,057
03-17/05-23	General Improvements	4,568
05-21	Various Capital Improvements	8,648
07-11	Various Capital Improvements	969
08-10, 09-03, 10-05	Various Capital Improvements	58,085
10-07	Various Capital Improvements	16,681
10-18	Surveillance Equipment at Parks	59,147
11-20	Various Capital Improvements	11
12-15	Various Capital Improvements	90,095
13-19	Various Capital Improvements	37,530
14-08	Various Capital Improvements	(1,116,789)
15-18	Various Capital Improvements	(1,142,288)
16-07	Various Capital Improvements	(322,076)
		<hr/>
	Total	<u>\$ 2,255,835</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 18,449,315
Increased by:		
Bond Sale		-
Subtotal		18,449,315
Decreased by:		
Budget Appropriation:		
Serial Bonds Payable	\$ 1,630,000	
Green Acres Loan Payable	30,916	1,660,916
Balance, December 31, 2016		\$ 16,788,399

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2016									
		BALANCE DECEMBER 31, 2015	2016 AUTHORIZATIONS	FUNDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2016	BOND ANTICIPATION NOTES	BAN EXCESS FINANCING	EXPENDITURES	UNEXPENDED BALANCE	
13-13	Various Capital Improvements	\$ 8,124	\$ -	\$ -	\$ -	\$ 8,124	\$ 2,040,000	\$ (2,031,876)	\$ -	\$ -	
13-19	Various Capital Improvements	181,070	-	-	-	181,070	1,260,000	(1,078,930)	-	-	
14-08	Various Capital Improvements	1,569,142	-	-	-	1,569,142	200,000	-	1,116,789	252,353	
15-18	Various Capital Improvements	1,489,004	-	-	-	1,489,004	-	-	1,142,288	346,716	
16-07	Various Capital Improvements	-	989,425	8,000	-	981,425	-	-	322,077	659,348	
	Total	\$ 3,247,340	\$ 989,425	\$ 8,000	\$ -	\$ 4,228,765	\$ 3,500,000	\$ (3,110,806)	\$ 2,581,154	\$ 1,258,417	

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	146,781
Increased by:			
Receipts - Current Fund Appropriations	\$	110,000	
Cancelled Reserve Balances		-	110,000
			<hr/>
Subtotal			256,781
Decreased by:			
Appropriated to Finance Improvement Authorizations			<hr/> 52,075
Balance December 31, 2016		\$	<hr/> <hr/> 204,706

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
13-13	Various Capital Improvements	1/23/16	1/23/16	1/22/17	0.610%	\$ 2,040,000	\$ 2,040,000	\$ 2,040,000	\$ 2,040,000
13-19	Various Capital Improvements	1/23/16	1/23/16	1/22/17	0.610%	1,260,000	1,260,000	1,260,000	1,260,000
14-08	Various Capital Improvements	1/23/16	1/23/16	1/22/17	0.610%	200,000	200,000	200,000	200,000
						<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2015		2016		EXPENDED	CANCELLED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2016	
				FUNDED	UNFUNDED	AUTHORIZATIONS	RECLASSIFIED				FUNDED	UNFUNDED
99-16/01-25	Various General Improvements	07/06/1999	\$ 1,100,539	\$ -	\$ -	\$ -	\$ -	\$ 37,962	\$ -	\$ -	\$ 315	\$ -
01-12	Various General Improvements	07/10/2001	1,599,824	88	-	6,970	-	5,614	-	-	1,444	-
02-18	Various Capital Improvements	09/17/2002	1,637,194	-	-	47,253	-	49,971	-	7	1,057	-
03-17/05-23	General Improvements	08/08/2003	1,369,281	987	-	3,822	-	57,000	-	-	4,568	-
04-15	Various Capital Improvements	08/03/2004	2,033,947	-	-	-	-	-	-	-	-	-
05-21	Various Capital Improvements	09/06/2003	605,634	-	-	7,263	-	-	-	-	8,648	-
06-19	Various Capital Improvements	09/19/2006	704,110	-	-	-	-	-	-	-	-	-
07-11	Various Capital Improvements	08/21/2007	6,163,406	-	-	325	-	72,681	-	325,186	-	-
07-18	Construction & Improvement of Riverfront Park	12/18/2007	1,168,305	-	-	51,376	-	107,471	-	27,987	-	-
08-10, 09-03, 10-05	Various Capital Improvements	08/19/2008	2,314,210	279	-	1,302	-	-	-	197,896	-	-
09-18	Various Capital Improvements	10/20/2009	680,534	-	-	603	-	603	-	-	58,085	-
10-07	Various Capital Improvements	04/06/2010	684,134	-	-	-	-	77,789	-	28,944	16,681	-
10-18	Surveillance Equipment at Parks	10/05/2010	60,000	-	-	-	-	-	-	-	59,147	-
11-20	Various Capital Improvements	12/20/2011	1,054,000	-	-	-	-	85,721	-	48,724	11	-
12-15, 15-02	Various Capital Improvements	09/04/2012	1,767,523	-	-	177,802	-	181,084	-	13,594	90,095	-
13-13	Various Capital Improvements	08/20/2013	2,970,000	-	-	333	-	-	-	333	-	-
13-19, 15-03	Various Capital Improvements	11/19/2013	1,519,916	-	-	13,010	-	41,817	-	57,276	37,530	-
14-08	Various Capital Improvements	09/02/2014	1,862,543	-	-	88,467	-	301,749	-	105,384	-	252,353
15-18	Various Capital Improvements	07/02/2015	1,567,375	-	-	571,019	-	841,973	-	149,981	-	346,716
16-07	Various General Improvements	06/09/2016	1,041,500	-	-	1,041,500	-	270,715	-	111,437	-	659,348
Total			\$ 1,135,453	\$ 1,643,783	\$ 1,041,500	\$ 915,130	\$ 2,132,150	\$ -	\$ -	\$ 1,066,749	\$ 278,550	\$ 1,258,417

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED IN 2016	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
General Improvements	7/7/10	14,890,000	7/15/17	960,000	3.000%	\$ 10,925,000	\$ -	900,000	\$ 10,025,000
			7/15/18	1,025,000	3.250%				
			7/15/19	1,100,000	3.250%				
			7/15/20	1,200,000	3.250%				
			7/15/21	1,300,000	3.250%				
			7/15/22	1,480,000	3.250%				
			7/15/23	1,480,000	3.500%				
			7/15/24	1,480,000	4.000%				
General Improvements	11/15/15	7,300,000	11/15/17	700,000	3.000%	7,300,000	-	730,000.00	6,570,000
			11/15/18	700,000	3.000%				
			11/15/19	700,000	4.000%				
			11/15/20	650,000	2.000%				
			11/15/21	650,000	2.000%				
			11/15/22	650,000	2.000%				
			11/15/23	650,000	2.000%				
			11/15/24	650,000	2.125%				
		11/15/25	1,220,000	2.250%					
Total						\$ 18,225,000	\$ -	\$ 1,630,000	\$ 16,595,000

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2015	PAYD BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
1989 Program	11/21/00	\$ 148,836	2/20/17	4,274	2.00%	\$ 43,828	\$ 8,420	\$ 35,408
			8/21/17	4,316	2.00%			
			2/21/18	4,359	2.00%			
			8/21/18	4,403	2.00%			
			2/21/19	4,447	2.00%			
			8/21/19	4,491	2.00%			
			2/21/20	4,536	2.00%			
			8/20/20	4,582	2.00%			
1992 Program	10/27/00	305,000	1/27/17	8,757	2.00%	89,815	17,256	72,559
			7/27/17	8,845	2.00%			
			1/27/18	8,933	2.00%			
			7/27/18	9,023	2.00%			
			1/27/19	9,113	2.00%			
			7/27/19	9,204	2.00%			
			1/27/20	9,296	2.00%			
			7/27/20	9,387	2.00%			
2010 Program	11/5/10	113,000	2/5/17	2,659	2.00%	90,672	5,240	85,432
			8/5/17	2,686	2.00%			
			2/5/18	2,712	2.00%			
			8/5/18	2,740	2.00%			
			2/5/19	2,767	2.00%			
			8/5/19	2,795	2.00%			
			2/5/20	2,823	2.00%			
			8/5/20	2,851	2.00%			
			2/5/21	2,879	2.00%			
			8/5/21	2,908	2.00%			
			2/5/22	2,937	2.00%			
			8/5/22	2,966	2.00%			
			2/5/23	2,996	2.00%			
			8/5/23	3,026	2.00%			
			2/5/24	3,056	2.00%			
			8/5/24	3,087	2.00%			
			2/5/25	3,118	2.00%			
			8/5/25	3,149	2.00%			
			2/5/26	3,181	2.00%			
			8/5/26	3,212	2.00%			
			2/5/27	3,245	2.00%			
			8/5/27	3,277	2.00%			
			2/5/28	3,310	2.00%			
			8/5/28	3,343	2.00%			
			2/5/29	3,376	2.00%			
			8/5/29	3,410	2.00%			
2/5/30	3,444	2.00%						
8/5/30	3,479	2.00%						
Total						\$ 224,315	\$ 30,916	\$ 193,399

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	2016 AUTHORIZATIONS	FUNDED BY REFUND	BALANCE DECEMBER 31, 2016
14-08	Various Capital Improvements	\$ 1,369,142	\$ -	\$ -	1,369,142
15-18	Various Capital Improvements	1,489,004	-	-	1,489,004
16-07	Various Capital Improvements	-	989,425	8,000	981,425
	Total	<u>\$ 2,858,146</u>	<u>\$ 989,425</u>	<u>\$ 8,000</u>	<u>\$ 3,839,571</u>

WATER-SEWER UTILITY FUND

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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
SCHEDULE OF UTILITY CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2015	\$ 1,220,744	\$ 2,658,103
Increased by Receipts:		
Miscellaneous Revenues	\$ 107,599	\$ -
Consumer Rents	6,332,294	-
Prepaid Rents	89,942	-
Prepaid - Other	980	-
Interest on Delinquent Accounts	52,839	-
Due Utility Capital	-	60,000
Bond Anticipation Note	-	3,200,000
Reserve for Debt Service	-	46,669
	<u>6,583,654</u>	<u>3,306,669</u>
Subtotal	<u>6,583,654</u>	<u>3,306,669</u>
Total	<u>7,804,398</u>	<u>5,964,772</u>
Decreased by Disbursements:		
Budget Appropriations	6,217,461	-
Appropriation Reserves	110,401	-
Accounts Payable	8,800	-
Refund Overpayments	7,958	-
Due Utility Operating	60,000	-
Bond Anticipation Note	-	3,200,000
Improvement Authorizations	-	916,840
	<u>6,404,620</u>	<u>4,116,840</u>
Total Disbursements	<u>6,404,620</u>	<u>4,116,840</u>
Balance December 31, 2016	<u>\$ 1,399,778</u>	<u>\$ 1,847,932</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH - WATER-SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund Balance	\$ 4,168
Capital Improvement Fund	130,042
Down Payment on Improvements	73,600
Reserve for Debt Service	46,673
Encumbrances Payable	836,855
Overfunded Loan	149,067
Overfunded BAN	1,159,802
Improvement Authorizations:	
01-13 Various Improvements	6,938
02-19 Various Improvements	19,517
03-16 Various Improvements	193,139
04-16 Various Improvements	31,989
05-22 Various Improvements	21,219
06-08 Interconnect	16,095
06-20, 12-02 Various Improvements	186,171
06-26 Improvements to Water Facilities	6,543
07-12 Various Improvements	318,575
08-11 Various Improvements	1,359
09-19 Various Improvements	11,369
10-08 Various Improvements	159,737
10-15, 12-03 Various Improvements	(415,206)
11-21 Purchase of Various Equipment and Various Improvements	25,581
12-04 Various Improvements	10
12-05 Various Improvements	51,572
12-16 Various Improvements	31,883
13-20 Various Improvements	(50,633)
14-10 Various Improvements	(249,090)
15-01 Repair of Sanitary Sewer Line	6,125
15-19 Various Improvements	(541,927)
16-08 Various Improvements	(383,241)
	<hr/>
Total	<u>\$ 1,847,932</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 474,318
Increased by:		
Water-Sewer Levy		6,322,706
Subtotal		6,797,024
Decreased by:		
Collections	\$ 6,332,294	
Tax Overpayments	10,912	
Cancelled Per Resolution	18,612	
		6,361,818
Balance, December 31, 2016		\$ 435,206

**SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015		BALANCE	PAID OR	BALANCE
	ENCUMBERED	RESERVED	AFTER TRANSFERS	CHARGED	LAPSED
Salaries and Wages	\$ -	\$ 45,051	\$ 45,051	\$ 2,694	\$ 42,357
Other Expenses	258,360	28,402	286,762	111,227	175,535
Ocean County Utilities Authority	-	9,999	9,999	-	9,999
Public Employees' Retirement System	-	12,000	12,000	-	12,000
Social Security System	-	10	10	-	10
Total	\$ 258,360	\$ 95,462	\$ 353,822	\$ 113,921	\$ 239,901
				\$ 110,401	
				3,520	
				\$ 113,921	

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	76,450
Increased by:		
Interest Expense		183,250
Subtotal		259,700
Decreased by:		
Interest Paid		186,675
Balance December 31, 2016	\$	73,025

PRINCIPAL OUTSTANDING DECEMBER 31, 2016 AMOUNT	RATE	FROM	TO	PERIOD	AMOUNT
2010 Serial Bonds \$ 3,770,000	Various	7/15/16	12/31/16	5 1/2 Months	\$ 63,256
2015 Serial Bonds 1,285,000	Various	11/15/16	12/31/16	1 1/2 Months	3,951
NJEIT Loan 375,000	Various	8/1/16	12/31/16	5 Months	5,818
				Total	\$ 73,025

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER-SEWER OPERATING INTERFUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
Budgeted Down Payment on Improvements	\$	60,000	
Interfund Advanced		-	60,000
			<hr/>
Subtotal			60,000
Decreased by:			
Interfunds Liquidated			<hr/> 60,000
Balance December 31, 2016		<hr/> \$	<hr/> -

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	120,367
Increased by:			
Receipts - Utility Fund Appropriation			<hr/> 60,000
Subtotal			180,367
Decreased by:			
Appropriated to Finance Improvement Authorizations			<hr/> 50,325
Balance December 31, 2016		<hr/> \$	<hr/> 130,042

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	IMPROVEMENTS AUTHORIZED	BALANCE DECEMBER 31, 2016
01-13	Various Improvements	\$ 28,780	\$ -	\$ 28,780
03-16	Various Improvements	621,361	-	621,361
04-16	Various Improvements	278,875	-	278,875
05-22	Various Improvements	1,679,975	-	1,679,975
06-08	Interconnect	85,000	-	85,000
06-20, 12-02	Various Improvements	1,427,447	-	1,427,447
06-26	Improvements to Water Facilities	200,000	-	200,000
07-12	Various Improvements	466,900	-	466,900
08-11	Various Improvements	213,045	-	213,045
09-19	Various Improvements	101,700	-	101,700
10-08	Various Improvements	283,700	-	283,700
10-15, 12-03	Various Improvements	1,020,505	-	1,020,505
11-21	Purchase of Various Equipment & Various Improvements	-	-	-
		473,400	-	473,400
12-04	Drainage Improvements at Powhatan Ave	89,750	-	89,750
12-05	Replacement of Pumping Stations	2,027,500	-	2,027,500
12-16	Various Improvements	243,600	-	243,600
13-20	Various Improvements	1,111,357	-	1,111,357
14-10	Various Improvements	284,350	-	284,350
15-01	Repair of Sanitary Sewer Line	116,375	-	116,375
15-19	Various Improvements	560,025	-	560,025
16-07	Various Improvements	-	956,175	956,175
	Total	<u>\$ 11,313,645</u>	<u>\$ 956,175</u>	<u>\$ 12,269,820</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

FIXED CAPITAL	BALANCE DECEMBER 31, 2016
Pumping Station	\$ 1,675
Wells	1,354,266
Filter System	203,251
Pumping Station	151,618
Aerator Tank	42,000
Elevator Tanks	167,701
Distribution Mains & Accessories	764,080
Meters	290,471
Fire Hydrants	30,735
Garage	14,582
Emergency & Inspections	13,826
Law Expenditures During Construction	5,584
Interest During Construction	2,550
Original Sewer System	15,852,747
Deferred Cash	2,278,000
Water-Sewer System Improvements	727,500
Various Improvements	4,299,105
Sewer Collection System	963,788
Valve	60,000
Heavy Equipment	66,000
Municipal Building Improvements - 1999-2006	125,000
Various Improvements	<u>2,782,705</u>
Total	<u>\$ 30,197,184</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 and 2016	<u><u>\$ 420,816</u></u>
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**SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 31,560,195
Increased by:	
Serial Bonds Paid by Budget	\$ 290,000
NJEIT Loans Paid	35,906
NJEIT Loans Forgiven	-
	325,906
Balance December 31, 2016	<u><u>\$ 31,886,101</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	AUTHORIZED DATE	AMOUNT	BALANCE DECEMBER 31, 2015		2016 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2016	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
01-13	Various Improvements	09/04/01	\$ 575,600	\$ 6,938	\$ -	-	-	-	\$ 6,938	\$ -	-
02-19	Various Improvements	09/17/02	239,700	54,608	-	-	-	24,098	10,993	19,517	-
03-16	Various Improvements	08/05/03	621,361	182,972	-	-	47,167	5,435	31,565	193,139	-
04-16	Various Improvements	08/03/04	278,875	16,513	-	-	15,476	-	-	31,989	-
05-22	Various Improvements	09/06/05	1,679,975	5,874	17,845	-	-	2,500	-	21,219	-
06-08	Interconnect	05/16/06	85,000	16,095	-	-	-	-	-	16,095	-
06-20, 12-02	Various Improvements	03/20/12	1,427,447	229,410	-	-	70,402	87,553	26,088	186,171	-
06-26	Improvements to Water Facilities	12/19/06	200,000	6,543	-	-	-	-	-	6,543	-
07-12	Various Improvements	08/07/07	466,900	318,227	-	-	3,898	3,550	-	318,575	-
08-11	Various Improvements	08/19/08	213,045	1,359	-	-	-	-	-	1,359	-
09-19	Various Improvements	10/20/09	101,700	9,656	-	-	5,083	3,370	-	11,369	-
10-08	Various Improvements	08/29/07	283,700	208,591	-	-	2,000	10,586	40,268	159,737	-
10-15, 12-03	Various Improvements	03/20/12	1,020,505	-	50,774	-	3,500	-	-	-	54,274
11-21	Purchase of Various Equipment & Various Improvements	10/20/09	473,400	27,407	-	-	5,072	6,898	-	25,581	-
12-04	Drainage Improvements at Powhatan Ave	03/20/12	89,750	-	-	-	10	-	-	10	-
12-05	Replacement of Pumping Stations	03/20/12	2,027,500	-	517,082	-	139,495	171,111	433,894	-	51,572
12-16	Various Improvements	08/21/12	243,600	-	37,169	-	9,167	12,203	2,250	31,883	-
13-20	Various Improvements	11/19/13	1,169,850	-	58,645	-	9,960	4,831	3,050	-	60,724
14-10	Various Improvements	09/02/14	284,350	-	60,604	-	3,127	42,668	20	-	21,043
15-01	Repair of Sanitary Sewer Line	01/20/15	122,500	-	6,125	-	-	-	-	6,125	116,375
15-19	Various Improvements	07/21/15	589,500	-	59,338	-	355,958	372,938	24,260	-	18,098
16-08	Various Improvements	06/09/16	1,006,500	-	-	1,006,500	-	169,099	264,467	-	572,934
Total				\$ 1,200,568	\$ 807,582	\$ 1,006,500	\$ 670,315	\$ 916,840	\$ 836,855	\$ 1,036,250	\$ 895,020

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2016		INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	DECREASED	BALANCE DECEMBER 31, 2016	
			DATE	AMOUNT						
Water/Sewer Improvements	7/9/10	4,980,000	7/14/17	220,000	3.000%	\$ 3,985,000	\$ -	\$ 215,000	\$ 3,770,000	
			7/14/18	230,000	3.250%					
			7/14/19	235,000	3.250%					
			7/13/20	250,000	3.250%					
			7/13/21	250,000	3.250%					
			7/13/22	260,000	3.250%					
			7/13/23	280,000	3.500%					
			7/12/24	295,000	4.000%					
			7/12/25	320,000	4.000%					
			7/12/26	320,000	4.000%					
			7/12/27	350,000	4.000%					
			7/11/28	380,000	4.000%					
			7/11/29	380,000	4.000%					
		11/15/15	1,360,000	11/15/17	85,000	3.000%	1,360,000.00	-	75,000	1,285,000
				11/15/18	150,000	3.000%				
			11/15/19	150,000	4.000%					
			11/15/20	150,000	2.000%					
			11/15/21	150,000	2.000%					
			11/15/22	150,000	2.000%					
			11/15/23	150,000	2.000%					
			11/15/24	150,000	2.125%					
			11/15/25	150,000	2.250%					
Total									\$ 5,345,000	
									\$ 290,000	
									\$ 5,055,000	

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2016			INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	DECREASED	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT	AMOUNT					
Water/Sewer Improvements	5/21/14	\$ 405,000	8/1/17	15,000.00	3.000%	\$	390,000	\$ -	15,000	\$ 375,000
			8/1/18	15,000.00	5.000%					
			8/1/19	15,000.00	5.000%					
			8/1/20	20,000	5.000%					
			8/1/21	20,000	5.000%					
			8/1/22	20,000	5.000%					
			8/1/23	20,000	5.000%					
			8/1/24	20,000	5.000%					
			8/1/25	20,000	3.000%					
			8/1/26	25,000	3.000%					
			8/1/27	25,000	3.000%					
			8/1/28	25,000	3.000%					
			8/1/29	25,000	3.000%					
			8/1/30	25,000	3.000%					
			8/1/31	25,000	3.000%					
		8/1/32	30,000	3.125%						
		8/1/33	30,000	3.250%						
Total										
							\$ 390,000	\$ -	15,000	\$ 375,000

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2016			INTEREST RATE	BALANCE DECEMBER 31, 2015	ISSUED	DECREASED	BALANCE DECEMBER 31, 2016
			DATE	AMOUNT						
Water/Sewer Improvements	5/21/14	\$ 405,000	2/1/17	\$ 6,968.83	0.000%	\$ 376,317	\$ -	\$ 20,906	\$ 355,411	
			8/1/17	13,937.66	0.000%					
			2/1/18	6,968.83	0.000%					
			8/1/18	13,937.66	0.000%					
			2/1/19	6,968.83	0.000%					
			8/1/19	13,937.66	0.000%					
			2/1/20	6,968.83	0.000%					
			8/1/20	13,937.66	0.000%					
			2/1/21	6,968.83	0.000%					
			8/1/21	13,937.66	0.000%					
			2/1/22	6,968.83	0.000%					
			8/1/22	13,937.66	0.000%					
			2/1/23	6,968.83	0.000%					
			8/1/23	13,937.66	0.000%					
			2/1/24	6,968.83	0.000%					
			8/1/24	13,937.66	0.000%					
			2/1/25	6,968.83	0.000%					
			8/1/25	13,937.66	0.000%					
			2/1/26	6,968.83	0.000%					
			8/1/26	13,937.66	0.000%					
			2/1/27	6,968.83	0.000%					
			8/1/27	13,937.66	0.000%					
			2/1/28	6,968.83	0.000%					
			8/1/28	13,937.66	0.000%					
			2/1/29	6,968.83	0.000%					
			8/1/29	13,937.66	0.000%					
			2/1/30	6,968.83	0.000%					
			8/1/30	13,937.66	0.000%					
			2/1/31	6,968.83	0.000%					
			8/1/31	13,937.66	0.000%					
			2/1/32	6,968.83	0.000%					
			8/1/32	13,937.66	0.000%					
			2/1/33	6,968.83	0.000%					
		8/1/33	13,937.66	0.000%						
Total										
						\$ 376,317	\$ -	\$ 20,906	\$ 355,411	

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASED	DECREASED	BALANCE DECEMBER 31, 2016
12-03	Various Improvements	1/22/15	1/22/16	1/22/17	0.610%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
12-05	Replacement of Pumping Stations	1/22/15	1/22/16	1/22/17	0.610%	1,700,000	1,700,000	1,700,000	1,700,000
13-20	Various Improvements	1/22/15	1/22/16	1/22/16	0.610%	1,000,000	1,000,000	1,000,000	1,000,000
						<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE			BALANCE DECEMBER 31, 2016
		DECEMBER 31, 2015	2016 AUTHORIZATIONS	BONDS AND NOTES ISSUED	
10-15, 12-03	Various Improvements	\$ 469,480	\$ -	\$ -	\$ 469,480
13-20	Various Improvements	111,357	-	-	111,357
14-10	Various Improvements	270,133	-	-	270,133
15-01	Repair of Sanitary Sewer Line	116,375	-	-	116,375
15-19	Various Improvements	560,025	-	-	560,025
16-08	Various Improvements	-	956,175	-	956,175
		<u>\$ 1,527,370</u>	<u>\$ 956,175</u>	<u>\$ -</u>	<u>\$ 2,483,545</u>

PAYROLL FUND

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**BOROUGH OF POINT PLEASANT
PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 122,547
Increased by Receipts:	
Payroll	<u>9,571,013</u>
Subtotal	9,693,560
Decreased by Disbursements:	
Disbursements	<u>9,552,721</u>
Balance December 31, 2016	<u><u>\$ 140,839</u></u>

**SCHEDULE OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 83,133
Increased by:	
Payroll Deductions	<u>9,552,721</u>
Subtotal	9,635,854
Decreased by:	
Disbursements	<u>9,534,172</u>
Balance December 31, 2016	<u><u>\$ 101,682</u></u>

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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The Honorable Mayor and Members of the
Borough Council
Borough of Point Pleasant
Point Pleasant, New Jersey 08742

SCOPE OF AUDIT

We have audited the financial statements of the Borough of Point Pleasant in the County of Ocean for the year ended December 31, 2016. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$6,000 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes, Water & Sewer Utility Rents and Assessments

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

The governing body on January 3, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as follows:

1. The rate of interest to be charged for the non-payment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum any amount in excess of \$1,500.00. The same to be calculated from the date of actual payment provided, however, that no interest be charged if payment is made within ten (10) days after the date upon which same became payable.
2. That a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00

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

Delinquent Taxes and Tax Title Liens

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

YEAR	NUMBER OF LIENS
2016	5
2015	5
2014	6

Deductions From Taxes

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

Municipal Court

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

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

Examination of Bills

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

Deposit of Funds Paid to Local Unit

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

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

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

Payroll

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

Follow-Up of Prior Year Findings

In accordance with Government Auditing Standards our procedures included a review of all prior year audit findings. All Findings from the prior year that were not corrected in the current year are addressed with an asterisk.

Findings/Recommendations

***Finding 2016-01:**

It was noted during our audit that the monthly activity and ending balances in the tax and water-sewer billing and collection system are not being properly reported and reconciled with the general ledger system.

Recommendation:

The Borough should implement procedures to ensure all activity of the Tax Collector and Water-Sewer Collector is reported accurately and posted to the Finance Office.

Findings/Recommendations (continued)

***Finding 2016-02:**

It was noted during our audit that the Police Department uses manual timesheets. Manual timesheets increase the risk of manipulation or misreporting of employees' hours.

Recommendation:

The Borough should implement procedures to ensure all employees use the Borough's electronic time-keeping system.

Finding 2016-03:

It was noted during our audit that the Borough has not received an accounting of the aid provided to the fire companies, as required per N.J.S.A. 40a:14-34, and the volunteer ambulance companies, as required per N.J.S.A. 40:5-2.

Recommendation:

That the chief financial officer of the Borough receive an audit performed by a certified public accountant or a registered municipal accountant of each association's financial records for the current year which shall certify to the governing body of the Borough that such records are being maintained in accordance with sound accounting principles.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

NAME	POSITION	AMOUNT OF BOND
Robert A. Sabosik	Mayor	
Joseph Furmato Jr.	Council President	
John Wisniewski	Councilmember	
William Borowsky	Councilmember	
Pamela Snyder	Councilmember	
Michael Thulen Jr.	Councilmember	
Antoinette DePaola	Councilmember	
Frank Pannucci, Jr.	Borough Administrator	
Antoinette Jones	Borough Clerk	
Christopher J. Dasti, Esq.	Attorney	
Himanshu Shah	Chief Financial Officer	
Jennifer Burr	Tax Collector	\$1,000,000
James A. Liguori	Magistrate	
Tracey McCrystal	Court Administrator	\$1,000,000

All of the Bonds were examined and were properly executed. There was an Employees' Blanket Performance Bond in the amount of \$50,000 for municipal employees carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Joint Insurance Fund

Acknowledgment

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

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Toms River, New Jersey
June 14, 2017