

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

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2018**

**BOROUGH OF POINT PLEASANT
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, 2018**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Council
Borough of Point Pleasant,
Point Pleasant, 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 Borough of Point Pleasant as of December 31, 2018 and 2017, and the related statements of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2018 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 discussed in Note 1 to the financial statements, the Borough prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between 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 U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018 the Borough adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

Other Matters

Other 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 schedules presented for the various funds and letter of comments and recommendations section 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 basic financial statements.

The supplemental schedules presented for the various funds are 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.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2019 on our consideration of the 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 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

Freehold, New Jersey
August 12, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Point Pleasant, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated August 12, 2019. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

Freehold, New Jersey
August 12, 2019

BASIC FINANCIAL STATEMENTS

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Current Fund:			
Cash:			
Treasurer	A-4	\$ 20,325,596	\$ 22,504,918
Change Fund	A	550	550
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A-14	15,095	18,997
Total Current Fund		20,341,241	22,524,465
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	446,996	424,520
Tax Title Liens Receivable	A-6	2,823	74,269
Revenue Accounts Receivable	A-7	6,772	12,173
Due From Interfunds:			
State & Federal Grant Fund	A-16	2	368,121
Animal Control Trust	A-16	6,081	-
Other Trust	A-16	13	13
Total Receivables & Other Assets With Full Reserves		462,687	879,096
Deferred Charges:			
Community Disaster Loan Program	A	4,113,315	4,113,315
Total Deferred Charges		4,113,315	4,113,315
Total Current Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		24,917,243	27,516,876
State & Federal Grants:			
Cash	A-4	10,129	-
Grants Receivable	A-17	506,664	555,291
Total State & Federal Grants		516,793	555,291
Total Assets		\$ 25,434,036	\$ 28,072,167

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2018	2017
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-8	\$ 669,880	\$ 768,734
Reserve for Encumbrances	A-3	529,625	553,769
Accounts Payable	A-13	61,952	62,313
Tax Overpayments	A-15	21,396	20,942
Prepaid Taxes	A-12	681,408	3,870,620
County Tax Payable	A-10	54,260	61,657
Community Disaster Loan Payable	A	4,113,315	4,113,315
Local District School Tax Payable	A-9	11,204,872	10,533,097
Miscellaneous Reserves:			
Reserve For Superstorm Sandy	A-11	2,457	210,028
Reserve For Tax Appeal	A-11	300,000	300,000
Sale of Municipal Assets	A-11	1,153,205	1,403,205
Sale of Liquor License	A-11	255,001	255,001
Due to State of NJ - Marriage License Fees	A-11	589	679
Due to State of NJ - DCA Training Fees	A-11	6,451	6,108
Subtotal		19,054,411	22,159,468
Reserve for Receivables & Other Assets	A	462,687	879,096
Fund Balance	A-1	5,400,145	4,478,312
Total Current Fund		24,917,243	27,516,876
State & Federal Grants:			
Reserve for Grants Appropriated	A-18	482,935	101,141
Reserve for Grants Unappropriated	A-19	-	24,536
Reserve for Encumbrances	A-18	3,528	31,165
Due to Current Fund	A-16	2	368,121
Due to Trust Fund	B	30,328	30,328
Total State & Federal Grants		516,793	555,291
Total Liabilities, Reserves & Fund Balance		\$ 25,434,036	\$ 28,072,167

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 2,400,000	\$ 2,500,000
Miscellaneous Revenue Anticipated	3,664,229	2,622,910
Receipts From Delinquent Taxes & Tax Title Liens	485,471	653,347
Receipts From Current Taxes	64,816,135	62,996,199
Nonbudget Revenue	365,254	339,572
Other Credits to Income:		
Interfunds Liquidated	368,119	-
Cancellation of Grants	7,781	-
Cancellation of Overpayments	18,505	-
Cancellation of Accounts Payable	11,648	8,504
Unexpended Balance of Appropriation Reserves	957,879	891,216
Total	<u>73,095,021</u>	<u>70,011,748</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	7,386,755	7,658,725
Other Expenses	6,458,522	5,978,052
Deferred Charges & Statutory Expenditures	2,018,113	1,897,840
Excluded From "CAPS":		
Operations:		
Other Expenses	945,598	272,208
Capital Improvements	100,000	110,000
Municipal Debt Service	2,220,723	2,197,388
County Taxes	14,005,661	13,718,382
Due County for Added & Omitted Taxes	54,260	61,657
Local District School Tax	36,507,165	35,163,615
Municipal Open Space Tax	65,156	64,770
Interfunds Advanced	-	280,389
Tax Appeal Refund	10,294	9,843
Refund of Prior Year Revenues	941	11,413
Cancellation of Grant	-	19,503
Total Expenditures	<u>69,773,188</u>	<u>67,443,785</u>
Excess/Deficit in Revenue	3,321,833	2,567,963
Fund Balance January 1	<u>4,478,312</u>	<u>4,410,349</u>
Total	7,800,145	6,978,312
Decreased by: Utilization as Anticipated Revenue	<u>2,400,000</u>	<u>2,500,000</u>
Fund Balance December 31	<u><u>\$ 5,400,145</u></u>	<u><u>\$ 4,478,312</u></u>

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, 2018**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,400,000	\$ -	\$ 2,400,000	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	13,000	-	15,393	2,393
Fees & Permits:				
Uniform Construction Code Fees	400,000	-	466,478	66,478
Other	45,000	-	45,946	946
Fines & Costs:				
Municipal Court	150,000	-	159,396	9,396
Interest & Costs on Taxes	150,000	-	144,475	(5,525)
Interest on Investments & Deposits	150,000	-	344,339	194,339
Energy Receipts Tax	1,226,819	-	1,226,819	-
Consolidated Municipal Property				
Tax Relief Act	757	-	757	-
Clean Communities Program	-	39,530	39,530	-
Pedestrian Safety Grant	-	12,005	12,005	-
Donation of Tactical Rifles	-	11,451	11,451	-
DOT Grants	-	660,000	660,000	-
Drunk Driving Enforcement	6,315	-	6,315	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-
NJOEM Reimbursement	-	4,488	4,488	-
Alcohol Education & Rehabilitation Fund	-	1,025	1,025	-
Recycling Tonnage Grant	24,536	-	24,536	-
Bullet Proof Vest	-	1,590	1,590	-
Distracted Driving Crackdown	-	6,600	6,600	-
Cops in Shops	-	2,640	2,640	-
Senior Service County Grant	17,918	7,000	24,918	-
FEMA Reimbursement	210,028	-	210,028	-
Sale of Municipal Assets	250,000	-	250,000	-
Total Miscellaneous Revenues	2,644,373	751,829	3,664,229	268,027
Receipts From Delinquent Taxes	400,000	-	485,471	85,471
Subtotal General Revenues	5,444,373	751,829	6,549,700	353,498
Local Tax for Municipal Purposes	14,461,415	-	15,672,688.00	1,211,273
Budget Totals	19,905,788	751,829	22,222,388	1,564,771
Nonbudget Revenues	-	-	365,254	365,254
Total	\$ 19,905,788.00	\$ 751,829.00	\$ 22,587,642.00	\$ 1,930,025.00

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, 2018**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 64,816,135
Less: Allocated for School, County Taxes & Open Space Taxes	<u>50,632,242</u>
Total Allocation of Current Tax Collections	14,183,893
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,488,795</u>
Total Amount for Support of Municipal Budget Appropriation	<u><u>\$ 15,672,688</u></u>
Delinquent Property Taxes Receivable	415,926
Tax Title Liens	<u>69,545</u>
Total Receipts From Delinquent Taxes	<u><u>\$ 485,471</u></u>
Planning Board	\$ 7,170
Zoning Board	12,240
Public Health Service	26,306
Misc. Permits and Fees	<u>230</u>
Total Other Fees & Permits	<u><u>\$ 45,946</u></u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 35,559
Miscellaneous Licenses	2,548
Boat Ramp Fees	1,980
DMV Fees	603
Cell Tower Rental	97,817
Cable TV Fees	93,844
Grading and Drainage	36,750
Refund of Prior Year Expenditures	42,722
Sale of Assets	24,587
Beach Tags	10,732
Miscellaneous Other	<u>18,112</u>
Nonbudget Revenue	<u><u>\$ 365,254</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 91,192	\$ 91,192	\$ 86,267	\$ -	\$ 4,925	\$ -
Other Expenses	81,600	80,100	61,301	7,487	11,312	-
Mayor & Council:						
Salaries and Wages	33,600	33,600	33,600	-	-	-
Municipal Clerk:						
Salaries and Wages	94,988	94,988	93,996	-	992	-
Other Expenses	20,825	20,825	11,715	7,424	1,686	-
Elections	2,500	2,500	2,304	-	196	-
Financial Administration						
(Treasury):						
Salaries and Wages	127,207	125,707	123,415	-	2,292	-
Other Expenses	12,305	12,305	5,375	2,746	4,184	-
Audit Services:						
Annual Audit	31,000	31,000	22,897	1,103	7,000	-
Revenue Administration						
(Tax Collector):						
Salaries and Wages	90,157	90,157	89,643	-	514	-
Other Expenses	21,105	21,105	14,098	307	6,700	-
Tax Assessor:						
Salaries and Wages	165,449	165,449	165,444	-	5	-
Other Expenses	6,010	6,010	5,721	246	43	-
Cost of Tax Appeals	3,000	3,000	-	-	3,000	-
Legal Services:						
Other Expenses	210,000	210,000	162,418	29,182	18,400	-
Engineering Services & Costs:						
Other Expenses	100,000	100,000	42,134	21,668	36,198	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,500	8,698	8,698	-	-	-
Other Expenses	20,700	20,700	4,746	15,300	654	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	13,000	13,000	1,704	9,708	1,588	-
Code Enforcement						
Salaries & Wages	124,398	124,398	121,917	-	2,481	-
Other Expenses	15,700	15,700	3,484	-	12,216	-
Code Enforcement & Admin:						
Uniform Const. Code						
Salaries & Wages	407,129	401,953	381,449	-	20,504	-
Other Expenses	14,310	14,310	5,925	491	7,894	-
Insurance:						
Health Insurance						
Other Expenses	1,836,000	1,836,000	1,609,118	37,737	189,145	-
Liability Insurance						
Other Expenses	200,000	182,987	181,930	-	1,057	-
Workers' Compensation						
Insurance	250,000	250,000	221,136	-	28,864	-
Unemployment Insurance	60,000	60,000	60,000	-	-	-
Group Health Waivers	40,000	40,000	20,258	-	19,742	-
Public Safety Functions:						
Police:						
Salaries and Wages	4,965,382	4,965,382	4,909,050	-	56,332	-
Other Expenses	232,944	232,944	164,007	47,225	21,712	-
Purchase of Police Vehicles	102,000	102,000	101,102	-	898	-
Emergency Management Services:						
Salaries and Wages	3,500	3,500	3,500	-	-	-
Other Expenses	7,600	7,600	2,420	5,180	-	-
Aid to Volunteer Fire Companies:						
Other Expenses						
Fire Station No. 75	190,000	161,000	147,864	-	13,136	-

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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Aid to Volunteer Ambulance Companies:						
Companies:						
Other Expenses	70,000	70,000	70,000	-	-	-
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,262,723	1,272,723	1,260,935	-	11,788	-
Other Expenses	161,800	164,300	141,208	17,884	5,208	-
Other Public Works Functions:						
Recycling:						
Salaries and Wages	72,500	71,478	61,528	-	9,950	-
Other Expenses	290,500	293,000	264,546	25,804	2,650	-
Snow Removal:						
Salaries and Wages	80,000	80,000	64,864	-	15,136	-
Other Expenses	53,100	53,100	28,643	9,296	15,161	-
Solid Waste Collection:						
Contractual	705,800	705,800	641,383	63,618	799	-
Building & Grounds:						
Other Expenses	48,700	52,700	44,983	4,814	2,903	-
Condominium Reimbursement						
Other Expenses	33,000	21,000	12,498	-	8,502	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	87,129	87,129	87,126	-	3	-
Other Expenses	2,500	4,000	2,467	-	1,533	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	1,200	-	-	-
Other Expenses	3,970	3,970	2,958	-	1,012	-
Animal Control Program:						
Other Expenses	34,000	34,000	34,000	-	-	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	261,009	258,509	248,507	-	10,002	-
Other Expenses	41,415	41,415	40,257	928	230	-
Utility Expense & Bulk Purchases:						
Electricity	101,000	101,000	77,588	23,412	-	-
Street Lighting	146,000	146,000	98,089	45,677	2,234	-
Telephone	41,100	41,100	30,493	10,607	-	-
Natural Gas	14,000	14,000	12,022	1,978	-	-
Gasoline	100,000	100,000	65,007	5,592	29,401	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	610,000	650,000	596,751	49,211	4,038	-
Municipal Court:						
Salaries and Wages	28,543	28,543	28,543	-	-	-
Other Expenses	4,200	4,200	1,500	-	2,700	-
Public Defender:						
Other Expenses	8,500	8,500	8,500	-	-	-
Other Common Operating Functions:						
Contingent	1,000	1,000	-	-	1,000	-
Total Operations Within "CAPS"						
Including Contingent	13,854,290	13,845,277	12,802,732	444,625	597,920	-
Detail:						
Salaries and Wages	-	7,386,755	7,778,182	-	111,939	-
Other Expenses	13,854,290	6,458,522	5,024,550	444,625	485,981	-

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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	620,000	620,000	563,400	-	56,600	-
Public Employees' Retirement System	419,000	423,545	423,545	-	-	-
Police & Firemen's Retirement System	960,000	964,468	964,468	-	-	-
Defined Contribution Retirement Program	10,000	10,000	4,740	-	5,260	-
Judgements	100	100	-	-	100	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	2,009,100	2,018,113	1,956,153	-	61,960	-
Total General Appropriations for Municipal Purposes Within "CAPS"	15,863,390	15,863,390	14,758,885	444,625	659,880	-
Operations Excluded From "CAPS":						
LOSAP	85,000	85,000	-	85,000	-	-
Shared Services Agreement:						
Municipal Court - Borough of Point Pleasant Beach Other Expenses	50,000	50,000	50,000	-	-	-
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Drunk Driving Enforcement	6,315	6,315	6,315	-	-	-
Clean Communities Program	-	39,530	39,530	-	-	-
Drive Sober or Get Pulled Over	-	5,500	5,500	-	-	-
Pedestrian Safety Grant	-	12,005	12,005	-	-	-
Alcohol Education & Rehabilitation Fund	-	1,025	1,025	-	-	-
Recycling Tonnage	24,536	24,536	24,536	-	-	-
DOT Grants	-	660,000	660,000	-	-	-
Donation for Tactical Rifles	-	11,451	11,451	-	-	-
NJOEM Reimbursement	-	4,488	4,488	-	-	-
Bullet Proof Vest	-	1,590	1,590	-	-	-
Distracted Driving Crackdown	-	6,600	6,600	-	-	-
Cops In Shops	-	2,640	2,640	-	-	-
Senior Services County Grant	17,918	24,918	24,918	-	-	-
Total Operations Excluded from "CAPS"	193,769	945,598	850,598	85,000	10,000	-
Detail:						
Other Expenses						
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	100,000	100,000	100,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	100,000	100,000	100,000	-	-	-
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	1,726,000	1,726,000	1,725,000	-	-	1,000
Payment of Bond Anticipation Notes and Capita	30,000	30,000	-	-	-	30,000
Interest on Bonds	453,834	453,834	453,832	-	-	2
Interest on Notes	50,000	50,000	41,891	-	-	8,109

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, 2018**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Total Municipal Debt Service Excluded From "CAPS"	2,259,834	2,259,834	2,220,723	-	-	39,111
Total General Appropriations for Municipal Purposes Excluded from CAPS	2,553,603	3,305,432	3,171,321	85,000	10,000	39,111
Subtotal General Appropriations	18,416,993	19,168,822	17,930,206	529,625	669,880	39,111
Reserve For Uncollected Taxes	1,488,795	1,488,795	1,488,795	-	-	-
Total General Appropriations	<u>\$ 19,905,788</u>	<u>\$ 20,657,617</u>	<u>\$ 19,419,001</u>	<u>\$ 529,625</u>	<u>\$ 669,880</u>	<u>\$ 39,111</u>
Adopted Budget		\$ 19,905,788				
Chapter 159		<u>751,829</u>				
Total		<u>\$ 20,657,617</u>				
Interfunds:						
Federal & State Grant Fund			\$ 800,598			
Reserve for Uncollected Taxes			1,488,795			
Cash Disbursements			<u>17,129,608</u>			
Total			<u>\$ 19,419,001</u>			

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

**BOROUGH OF POINT PLEASANT
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Animal Control Trust Fund:			
Cash	B-1	\$ 51,157	\$ 39,046
Change Fund	B	25	25
Total Animal Control Fund		51,182	39,071
Open Space Trust Fund:			
Cash	B-1	225,455	225,833
Total Open Space Trust		225,455	225,833
Other Trust Fund:			
Cash	B-1	1,426,923	1,577,611
Due from Grant Fund	A	30,328	30,328
Total Other Trust		1,457,251	1,607,939
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Funds Held by Trustee	B-7	948,328	1,072,827
Total LOSAP		948,328	1,072,827
Total - All Funds		<u>\$ 2,682,216</u>	<u>\$ 2,945,670</u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Due to the State of NJ	B-2	\$ 1	\$ 28.00
Due to Current Fund	A	6,081	-
Reserve for Expenditures	B-3	45,100	39,043
Total Dog License Fund		51,182	39,071
Open Space Trust Fund:			
Reserve for Open Space	B-4	225,455	225,833
Total Open Space Trust		225,455	225,833
Other Trust Fund:			
Due to Board of Education	B-6	2,321	2,321
Due to Current Fund		13	13
Various Reserves	B-6	1,454,917	1,605,605
Total Other Trust		1,457,251	1,607,939
Length of Service Awards Program Fund: (LOSAP) ("LOSAP")			
Reserve for Length of Service Awards Program	B-8	948,328	1,072,827
Total LOSAP		948,328	1,072,827
Total - All Funds		<u>\$ 2,682,216</u>	<u>\$ 2,945,670</u>

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

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Cash	C-2	\$ 676,425	\$ 645,490
Grants Receivable	C-11	60,000	180,000
Deferred Charges to Future Taxation:			
Unfunded	C-5	8,694,090	6,815,168
Funded	C-4	13,339,695	15,096,865
Total		<u>\$ 22,770,210</u>	<u>\$ 22,737,523</u>
LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-9	\$ 13,210,000	\$ 14,935,000
Green Acres Loan Payable	C-10	129,695	161,865
Bond Anticipation Notes Payable	C-7	6,200,000	4,200,000
Capital Improvement Fund	C-6	124,206	177,206
Due to Water/Sewer Capital	C	300,000	300,000
Improvement Authorizations:			
Unfunded	C-8	1,904,923	1,539,958
Funded	C-8	334,909	252,529
Reserve for Encumbrances	C-8	367,525	985,923
Reserve for Debt Service	C	98,228	98,228
Fund Balance	C-1	100,724	86,814
Total		<u>\$ 22,770,210</u>	<u>\$ 22,737,523</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$2,749,486 and on December 31, 2017 was \$2,615,168.

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	86,814
Add:			
Premium on Notes	\$	12,140	
Refunds from Cancelled Ordinance		1,770	13,910
			<hr/>
Balance December 31, 2018		\$	<u>100,724</u>

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	2018	2017
Operating Fund:			
Cash	D-5	\$ 1,322,195	\$ 1,534,249
Cash - Change Fund	D	300	300
Total		1,322,495	1,534,549
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	743,830	730,051
Total Receivable & Other Assets With Full Reserves		743,830	730,051
Deferred Charges:			
Emergency Appropriation	D	145,000	-
Community Disaster Loan Program	D	703,909	703,909
Total Deferred Charges		848,909	703,909
Total Operating Fund		2,915,234	2,968,509
Capital Fund:			
Cash	D-5, D-6	2,178,304	1,707,970
Due from General Capital Fund	C	300,000	300,000
Fixed Capital Authorized & Uncompleted	D-14	13,565,953	12,636,920
Fixed Capital	D-15	30,197,184	30,197,184
Total Capital Fund		46,241,441	44,842,074
Total Operating & Capital Fund		\$ 49,156,675	\$ 47,810,583

Bonds and Notes authorized but not issued as of December 31, 2018 was \$529,645 and as of December 31, 2017 was \$1,150,645.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2018	2017
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$ 101,657	\$ 210,774
Community Disaster Loan Payable	D	703,909	703,909
Accounts Payable		-	17,864
Reserve for Encumbrances	D-4,D-5	255,316	288,691
Consumer Overpayments	D-10	24,678	20,822
Prepaid Rents	D-11	65,089	132,798
Prepaid - Other Fees		290	290
Accrued Interest on Bonds & Notes	D-9	65,199	69,493
Subtotal		1,216,138	1,444,641
Reserve for Receivables	D	743,830	730,051
Fund Balance	D-1	955,266	793,817
Total Operating Fund		2,915,234	2,968,509
Capital Fund:			
Serial Bonds	D-19	4,370,000	4,750,000
NJEIT Loan Payable:			
Trust Loan	D-20	345,000	360,000
Fund Loan	D-21	260,585	335,822
Bond Anticipation Notes	D-22	6,400,000	4,900,000
Improvement Authorizations:			
Funded	D-18	273,250	342,524
Unfunded	D-18	886,196	476,534
Reserves for:			
Amortization	D-17	32,695,927	32,225,690
Deferred Amortization	D-16	486,716	420,816
Encumbrances	D-18	113,356	643,997
Debt Service	D-6	46,669	46,669
Capital Improvement Fund	D-13	244,142	230,642
Down Payment on Improvements	D-6	13,600	13,600
Fund Balance	D-2	106,000	95,780
Total Capital Fund		46,241,441	44,842,074
Total Liabilities, Reserves & Fund Balance		\$ 49,156,675	\$ 47,810,583

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

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENT OF OPERATIONS AND CHANGE
IN OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ 378,652	\$ 500,272
Consumer Accounts Receivable	6,353,388	6,310,885
Interest on Delinquents	29,493	32,210
Miscellaneous	129,036	136,177
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	233,283	158,561
Cancellation of Accounts Payable	17,864	2,028
Cancellation of Accrued Interest	4,294	3,532
	<hr/>	<hr/>
Total Income	7,146,010	7,143,665
	<hr/>	<hr/>
Expenditures:		
Operating	5,129,936	5,222,883
Capital Improvement Fund	60,000	60,000
Debt Service	615,277	531,759
Deferred Charges & Statutory Expenditures	945,696	962,496
	<hr/>	<hr/>
Total Expenditures	6,750,909	6,777,138
	<hr/>	<hr/>
Excess/(Deficit) in Revenue	395,101	366,527
	<hr/>	<hr/>
Adjustments to Income before Fund Balance:		
Emergency Authorization	145,000	-
	<hr/>	<hr/>
Subtotal	540,101	366,527
	<hr/>	<hr/>
Fund Balance January 1	793,817	927,562
Less: Balance Appropriated	378,652	500,272
	<hr/>	<hr/>
Fund Balance December 31	\$ 955,266	\$ 793,817
	<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 95,780
Increased by:	
Cancellation of Improvement Authorizations	\$ 1,115
Premium on Note Sale	9,105
	<hr/>
Balance December 31, 2018	\$ 106,000
	<hr/> <hr/>

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 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 378,652	\$ 378,652	\$ -
Rents	6,180,000	6,353,388	173,388
Interest on Delinquent Accounts	30,000	29,493	(507)
Miscellaneous Anticipated	75,000	60,203	(14,797)
Miscellaneous Revenue Not Anticipated	-	68,833	68,833
	<hr/>		
Total	\$ 6,663,652	\$ 6,890,569	\$ 226,917
	<hr/>		

Miscellaneous

Demo Call Out	\$ 5,639
Meter Tap	2,820
Turn On/Off	2,105
Reading and Testing	9,138
Return Check Charge	320
Cost of Tax Sale	19,472
Meter Sale & Repairs	1,040
Connection Fees	7,150
Road Openings	31,700
Interest on Investments	49,652
	<hr/>
Total Miscellaneous	<u>\$ 129,036</u>

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, 2018**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	DISBURSED	ENCUMBERED	RESERVED	CANCELED
Operating:						
Salaries and Wages	\$ 405,611	\$ 405,611	\$ 399,915	\$ -	\$ 5,696	\$ -
Other Expenses	910,936	910,936	726,011	173,889	11,036	-
Ocean County Utilities Authority	2,490,000	2,490,000	2,455,200	34,800	-	-
Public Works:						
Salaries and Wages	864,389	864,389	821,076	-	43,313	-
Other Expenses	314,000	459,000	413,086	40,180	5,734	-
Debt Service:						
Payment of Bond Principal	380,000	380,000	380,000	-	-	-
Payment of Bond Anticipation Note	32,000	32,000	-	-	-	32,000
Interest on Bonds	158,320	158,320	158,318	-	-	2
Interest on Notes	50,000	50,000	48,856	-	-	1,144
NJEIT Loan	52,700	52,700	28,103	-	-	24,597
Capital Improvements:						
Capital Improvement Fund	60,000	60,000	60,000	-	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	140,000	141,515	141,515	-	-	-
Social Security System (O.A.S.I)	100,000	100,000	95,011	-	4,989	-
Unemployment Compensation Insurance	15,000	15,000	15,000	-	-	-
Group Health Insurance	405,696	405,696	383,801	6,447	15,448	-
Liability and Workers Compensation	285,000	283,485	268,044	-	15,441	-
Total Expenditures	<u>\$ 6,663,652</u>	<u>\$ 6,808,652</u>	<u>\$ 6,393,936</u>	<u>\$ 255,316</u>	<u>\$ 101,657</u>	<u>\$ 57,743</u>
Adopted Budget		\$ 6,663,652				
Budget Emergency		145,000				
Total		<u>\$ 6,808,652</u>				
Cash Disbursements			\$ 6,389,642			
Accrued Interest			4,294			
Total			<u>\$ 6,393,936</u>			

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

**BOROUGH OF POINT PLEASANT
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2018 AND 2017**

ASSETS	<u>2018</u>	<u>2017</u>
Land	\$ 22,840,500	\$ 22,840,500
Buildings & Improvements	5,350,400	5,350,400
Equipment & Machinery	3,847,665	3,746,178
Vehicles	<u>7,405,342</u>	<u>7,377,303</u>
Total	<u>\$ 39,443,907</u>	<u>\$ 39,314,381</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 39,443,907</u>	<u>\$ 39,314,381</u>

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

**BOROUGH OF POINT PLEASANT
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2018 AND 2017**

ASSETS	REFERENCE	<u>2018</u>	<u>2017</u>
Cash - Treasurer	F-1	<u>\$ 167,142</u>	<u>\$ 154,742</u>
Total		<u><u>\$ 167,142</u></u>	<u><u>\$ 154,742</u></u>
LIABILITIES			
Payroll Taxes Payable	F-2	<u>\$ 122,184</u>	<u>\$ 109,936</u>
Payroll Reserve	F	<u>44,958</u>	<u>44,806</u>
Total		<u><u>\$ 167,142</u></u>	<u><u>\$ 154,742</u></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, 2018**

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**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Borough of Point Pleasant, County of Ocean, New Jersey (hereafter referred to as the "Borough") is governed by the Borough form of government, with a mayor and a 6-member Borough Council. Administrative responsibilities are assigned to the Borough Manager. Policy is determined by Council and the Manager is responsible for carrying out such policy.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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

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

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Water/Sewer Utility Operating and Capital Funds – These funds accounts for utility 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 utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

Payroll Fund – This fund accounts for the payroll activity of all the funds and the disbursements of payroll with holdings to various cognizant agencies.

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

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

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

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

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

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, 2018**

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 and Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various 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 acquisition value as of the date of the transaction. 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. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Water/Sewer Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" 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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

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

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

Water/Sewer Utility Revenues – Utility charges are levied semi-annually and quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's utility operating fund.

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 Point Pleasant Borough School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality 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 January 10th 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.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Point Pleasant School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district January 1st to December 31st.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1. Summary of Significant Accounting Policies (continued)

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.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided 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 cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

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,

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments

OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

The Borough is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the 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, 2018, the Borough's bank balance of \$26,382,943 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 24,369,523
Uninsured and Uncollateralized	<u>2,013,420</u>
	<u><u>\$ 26,382,943</u></u>

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Borough's fair value, hierarchy level and maturities of its investments at December 31, 2018 would be as followed:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2. Deposits and Investments (continued)

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2018</u>			<u>Investment Maturities (in Less Than 1 Year</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	
Money Markets	\$ 92,523	\$ 92,523	\$ -	\$ 92,523	\$ 92,523
Mutual Funds	795,474	795,474	-	795,474	795,474
Fixed Account Investment Contract	60,331	-	60,331	60,331	60,331
	<u>\$ 948,328</u>	<u>\$ 887,997</u>	<u>\$ 60,331</u>	<u>\$ 948,328</u>	<u>\$ 948,328</u>
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 948,328	\$ 887,997	\$ 60,331	\$ 948,328	\$ 948,328
	<u>\$ 948,328</u>	<u>\$ 887,997</u>	<u>\$ 60,331</u>	<u>\$ 948,328</u>	<u>\$ 948,328</u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2018, the Borough's investments had the following ratings:

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough's investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough's investments are in _money markets, fixed account investments, and mutual funds. These investments represent 100% of the Borough's total investments.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. 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 Schedule of Tax Rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 1.997</u>	<u>\$ 1.953</u>	<u>\$ 1.938</u>
Apportionment of Tax Rate:			
Municipal	0.444	0.441	0.436
Municipal Open Space	0.002	0.002	0.002
County General	0.431	0.424	0.429
Local School	1.120	1.086	1.071

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 3,406,291,992
2017	3,238,516,710
2016	3,229,232,510

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 65,321,055	\$ 64,648,613	98.97%
2017	63,539,239	62,844,553	98.90%
2016	62,849,396	62,054,268	98.73%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	\$ 2,823	\$ 446,996	\$ 449,819	0.69%
2017	74,269	424,520	498,789	0.79%
2016	45,376	656,309	701,685	1.12%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 3. Property Taxes (Continued)

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2018	5
2017	5
2016	5

The last tax sale was held on June 4, 2018.

Note: 4: Property Acquired By Tax Title Lien Liquidation

The Borough had no properties acquired by liquidation of tax title liens as of December 31, 2018, 2017 or 2016.

Note: 5: Water/Sewer Utility Service Charges

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

<u>Year</u>	<u>Beginning Balanc</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	\$ 730,051	\$ 6,376,475	\$ 7,106,526	\$ 6,353,388	89.40%
2017	435,206	6,659,073	7,094,279	6,310,885	88.95%
2016	474,318	6,322,706	6,797,024	6,343,206	93.32%

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 6. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	\$ 5,400,145	\$ 2,650,000	49.07%
2017	4,478,312	2,400,000	53.59%
2016	4,410,349	2,500,000	56.68%
Water/Sewer Utility Operating Fund:			
2018	\$ 955,266	\$ 571,245	59.80%
2017	793,817	378,652	47.70%
2016	927,562	500,272	53.93%

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. Interfund Receivables and Payables

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 6,096	\$ -
State and Federal Grant Fund	-	30,330
Animal Control Trust	-	6,081
Trust Other Fund	30,328	13
Capital Fund	-	300,000
Water/Sewer Utility Capital Fund	300,000	-
	<u>\$ 336,424</u>	<u>\$ 336,424</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 9. Fixed Assets

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance December 31, <u>2018</u>
General Fixed Asset Account Group:					
Land	\$ 22,840,500	\$ -	\$ -	\$ -	\$ 22,840,500
Buildings & Improvements	5,350,400	-	-	-	5,350,400
Equipment & Machinery	3,746,178	423,584	323,393	(1,296)	3,847,665
Vehicles	7,377,303	57,835	28,500	1,296	7,407,934
	39,314,381	481,419	351,893	-	39,446,499
Water/Sewer Utility Fund:					
Fixed Capital	30,197,184	-	-	-	30,197,184
Fixed Capital Authorized & Uncompleted	12,636,920	944,900	15,867	-	13,565,953
	42,834,104	944,900	15,867	-	43,763,137
	\$ 82,148,485	\$ 1,426,319	\$ 367,760	\$ -	\$ 83,209,636

Note 10. 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 <http://www.nj.gov/treasury/pensions/financial-reports.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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 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 2018, 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. For the year ended December 31, 2018, the Borough's contractually required contribution to PERS plan was \$603,095.

Components of Net Pension Liability - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$11,938,188. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018,

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

was 0.06063225% which was an increase of .0035732172% from its proportion measured as of June 30, 2017.

A. Public Employees' Retirement System (PERS) (continued)

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 3,248,537	\$ 3,643,997
Deferred Inflows of Resources	4,256,643	3,018,490
Net Pension Liability	11,938,188	13,282,431
's portion of the Plan's total net pension Liability	0.06063%	0.05706%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2018, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$892,466. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$603,095 to the plan in 2018.

At December 31, 2018, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 227,663	\$ 61,557
Changes of Assumptions	1,967,216	3,817,198
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	111,981
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>1,053,658</u>	<u>265,907</u>
	<u>\$ 3,248,537</u>	<u>\$ 4,256,643</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
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	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between 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
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending Dec 31,	<u>Amount</u>
2019	\$ 81,637
2020	10,410
2021	(240,566)
2022	(738,187)
2023	<u>(121,400)</u>
	<u><u>\$ (1,008,106)</u></u>

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:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

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 2012 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, 2017 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 (7.00% at June 30, 2018) 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 PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the Net Pension Liability	\$ 15,010,896	\$ 11,938,188	\$ 9,360,382

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 <http://www.nj.gov/treasury/pensions/financial-reports.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:

<u>Tier</u>	<u>Definition</u>
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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

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 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 2018, 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. For the year ended December 31, 2018, the Borough's contractually required contributions to PFRS plan was \$1,038,019.

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

Net Pension Liability and Pension Expense - At December 31, 2018 the Borough's proportionate share of the PFRS net pension liability was \$14,367,255.00. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Borough's proportion measured as of June 30, 2018, was 0.1061751989%, which was a decrease of 0.0022948552% from its proportion measured as of June 30, 2017.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

Collective Balances at December 31, 2018 and December 31, 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 2,130,863	\$ 3,523,485
Deferred Inflows of Resources	4,118,658	2,840,736
Net Pension Liability	14,367,255	16,745,679
Borough's portion of the Plan's total net pension Liability	0.10618%	0.10847%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2018, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was \$1,330,127. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$1,038,019 to the plan in 2018.

At December 31, 2018, the Borough 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	\$ 146,168	\$ 59,455
Changes of Assumptions	1,233,236	3,682,079
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	78,602
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contribution:	<u>751,459</u>	<u>298,522</u>
	<u>\$ 2,130,863</u>	<u>\$ 4,118,658</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow 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
June 30, 2017	5.59	-
June 30, 2018	5.73	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
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	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between 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
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2019	\$ 461,786
2020	(129,863)
2021	(837,466)
2022	(1,182,140)
2023	<u>(300,112)</u>
	 <u><u>\$ (1,987,795)</u></u>

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 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 PFRS net pension liability attributable to the Borough is \$1,951,554 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough'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, 2018 was 0.1061751989%, which was a decrease of 0.0022948552% from its proportion measured as of June 30, 2017, which is the same proportion as the Borough's. At December 31, 2018, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 14,367,255
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,951,554</u>
	<u><u>\$ 16,318,809</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2018 measurement date was \$231,158.

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:

Inflation	2.25%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

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 2012 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 2012 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, 2017 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 (7.00% at June 30, 2018) 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 **Note**

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 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 40% 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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10. Pension Obligations (continued)

B. Police and Firemen's Retirement System (PFRS) (continued)

of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Borough's Proportionate Share of the Net Pension Liability	\$ 19,228,788	\$ 14,367,255	\$ 10,329,333
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>2,611,913</u>	<u>1,951,554</u>	<u>1,403,069</u>
	<u><u>\$ 21,840,701</u></u>	<u><u>\$ 16,318,809</u></u>	<u><u>\$ 11,732,402</u></u>

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

Note 11. Postemployment Benefits Other Than Pensions

A. State Plan

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

\$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Net OPEB Liability

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Borough's as of June 30, 2018 was \$14,522,485.00. The Borough's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the Borough was based on projection of the State's long-term contributions to the OPEB plan associated with the Borough relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the Borough was 0.092697%, which was a decrease of 0.000710% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$308,697.00 for the State's proportionate share of the OPEB expense attributable to the Borough. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 17,038,714.43	\$ 14,522,485.00	\$ 12,512,587.16
State of New Jersey's Total Nonemployer OPEB Liability	18,381,085,096.00	15,666,618,141.00	13,498,373,388.00

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Borough	\$ 12,114,080.96	\$ 14,522,485.00	\$ 17,639,317.69
State of New Jersey's Total Nonemployer OPEB Liability	13,068,471,450.00	15,666,618,141.00	19,029,006,023.00

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2018:

	12/31/2018	12/31/2017
Collective Deferred Outflows of Resources	\$ 2,115,007,508.00	\$ 1,151,561,955.00
Collective Deferred Inflows of Resources	9,261,653,464.00	3,414,042,238.00
Collective Net OPEB Liability	15,666,618,141.00	20,415,788,739.00
 Borough's Portion	 0.092697%	 0.093407%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2019	\$ (1,049,390,011.00)
2020	(1,049,390,011.00)
2021	(1,049,390,011.00)
2022	(1,050,264,681.00)
2023	(1,051,678,489.00)
Thereafter	(1,896,532,753.00)
	<u>\$ (7,146,645,956.00)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 and 8.04 years for the 2018 and 2017 amounts, respectively.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	<u>June 30, 2017</u>
Active Plan Members	61,789
Retirees Currently Receiving Benefits	<u>26,277</u>
Total Plan Members	<u><u>88,066</u></u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Service Cost	\$ 896,235,148.00
Interest on the Total OPEB Liability	764,082,232.00
Differences Between Expected and Actual Experience	(3,626,384,047.00)
Changes of Assumptions	(2,314,240,675.00)
Contributions From the Employer	(421,194,662.00)
Contributions From Non-Employer Contributing Entity	(53,548,285.00)
Net Investment Income	(2,320,422.00)
Administrative Expense	<u>8,200,113.00</u>
Net Change in Total OPEB Liability	(4,749,170,598.00)
Total OPEB Liability (Beginning)	<u>20,415,788,739.00</u>
Total OPEB Liability (Ending)	<u><u>\$ 15,666,618,141.00</u></u>

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Borough is \$9,184,311.00 as of December 31, 2018. The OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the OPEB liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was 0.147804%, which was an increase of 0.000507% from its proportion measured as of June 30, 2017, which is the same proportion as the Borough's. At December 31, 2018, the Borough's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

Borough's Proportionate Share of OPEB Liability	\$ 14,522,485.00
State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Borough	<u>9,184,311.00</u>
	<u><u>\$ 23,706,796.00</u></u>

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the plan as of the June 30, 2018 measurement date was \$278,020.00.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued):

B. Local Plan

General Information about the OPEB Plan

The financial statements of the Borough are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

Employees who retire from the Borough may be eligible for pre-65 and post-65 postemployment medical, pharmacy, and dental benefits. Medical, including prescription drugs, are fully insured through the New Jersey State Health Benefits Program for Local Government Employer Groups. Individuals participate in the NJ Direct 10 plan or the NJ Direct 15 plan. Effective January 1, 2019, the Direct 10 and Direct 15 plan options are no longer available to post-65 retirees. These plans have been replaced by the Aetna Medicare Advantage plans.

Dental coverage is with Horizon Blue Cross/Blue Shield of New Jersey.

Base plan costs are based on premium rates for the New Jersey State Health Benefits Program for Local Government Employer Groups. Fully insured premium rates effective December 31, 2018 and January 1, 2019 for pre-65 and post-65 retirees are outlined in Section VII, page 14 of this report. These premium rates are assumed to include all administrative expenses and PPACA fees due at this time.

Employees and Retirees Covered – At December 31, 2018, the following employees were covered by the Borough plan:

Participant Data	<u>Amount</u>
Active Employees	
Total	91
Average Age	44.0
Average Service	11.2
Retired Employees	
Total	26
Average Age	64.5
Average Service	11.2

Actuarial Assumptions and Other Inputs

As part of this report, we included supporting documentation such as a summary of assumptions and key definitions (glossary), which are provided in Sections V through VIII. This includes assumptions for health care costs, contribution rates, healthcare inflation, decrement tables (e.g., probability of death, turnover, disability, and retirement) and other provisions.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions and Other Inputs (continued)

The GASB 74/75 results are based on the assumptions and cost methods as prescribed under GASB 74/75 (e.g., discount rate, aging requirements, actuarial cost method under Entry Age Normal, etc.)

The mortality table used for the current valuation was the RP 2014 Healthy Male and Female Tables based on the Combined Healthy Table for both pre and post-retirement with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2018.

The valuation is based on the decrement tables from the New Jersey Public Employees' Retirement System (PERS) and the New Jersey Police and Firemen's Retirement System (PFRS). Decrement tables are based on the July 1, 2016 Annual Report of the Actuary for both PERS and PFRS.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued)

Actuarial Cost Method	Entry Age Normal as a Level Percentage of Payroll																	
Discount Rate	3.80%																	
	The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO - 4.10%, S&P Municipal Bond 20 Year High Grade Rate Index - 3.64%, and Fidelity GA AA 20 Years - 3.71%) as of December 31, 2018.																	
	The following assumptions are used for annual healthcare cost inflation (trend):																	
Health Care Cost Trend	<table><tr><th>Year</th><th>Pre-65</th><th>Post 65</th></tr><tr><td>Year 1 Trend</td><td>January 1, 2020</td><td>8.0%</td><td>8.0%</td></tr><tr><td>Ultimate Trend</td><td>January 1, 2026 & Later</td><td>5.0%</td><td>5.0%</td></tr><tr><td>Grading Per Year</td><td></td><td>0.5%</td><td>0.5%</td></tr></table>	Year	Pre-65	Post 65	Year 1 Trend	January 1, 2020	8.0%	8.0%	Ultimate Trend	January 1, 2026 & Later	5.0%	5.0%	Grading Per Year		0.5%	0.5%		
Year	Pre-65	Post 65																
Year 1 Trend	January 1, 2020	8.0%	8.0%															
Ultimate Trend	January 1, 2026 & Later	5.0%	5.0%															
Grading Per Year		0.5%	0.5%															
Starting Claims Cost	Base plan costs are based on premium rates for the New Jersey State Health Benefits Program for Local Government Employer Groups. Fully insured premium rates effective January 1, 2018 and January 1, 2019 for pre-65 and post-65 retirees are outlined in Section VII, page 14 of this report. These premium rates are assumed to include all administrative expenses and PPACA fees due at this time. Plan costs for January 1, 2020 and beyond are trended forward using the trend rates illustrated under the "Health Care Cost Trend Assumptions" section above.																	
Rates of Mortality	RP 2014 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2018.																	
Rates of Turnover	This reflects rate of separation from the active plan and excludes retirement and disability. Turnover table varies by age and years of service with rates of turnover based on the NJ PERS and NJ PFRS.																	
Rates of Retirement	This reflects rate of retirement from the active plan and is based on age and years of service. This is the assumption used for the NJ PERS and NJ PFRS.																	
Rates of Disability	This reflects disability assumptions from the active plan for ordinary and accidental disability and is based on age. This is the assumption used for the NJ PERS and NJ PFRS.																	
Spouse Assumption	It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were not provided.																	
Retiree Participation	This reflects rate of retirement from the active plan and is based on age and years of service. This is the assumption used for the NJ PERS and NJ PFRS.																	
Funding Policy	Pay as you go																	
Investment Rate of Return	Not applicable																	
Asset Valuation Method	Not applicable																	

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued)

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2018, the discount rate utilized was 3.80%.

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending December 31, 2018 were as follows:

Changes in the Total OPEB Liability

Total OPEB Liability

Balance, January 1, 2018	\$ 24,905,982
Changes for the Year:	
Service Cost	310,504
Interest Cost	930,351
Benefits Paid (implicit)	(846,139)
Net Changes	394,716
Balance, December 31, 2018	\$ 25,300,698

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage pointer higher (4.80 percent) that the current discount rate:

	December 31, 2018		
	At 1% Decrease (2.80%)	At Discount Rate (3.80%)	At 1% Increase (4.80%)
Total OPEB Liability	\$ 31,559,953.00	\$ 25,300,698.00	\$ 20,826,277.00

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be, if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage pointer higher that the current healthcare cost trend rate:

	December 31, 2018		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
Total OPEB Liability	\$ 20,432,691.00	\$ 25,300,698.00	\$ 31,559,953.00

* See Healthcare Cost Trend Assumptions for details of rates.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 11. Postemployment Benefits Other Than Pensions (continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Borough's OPEB expense was estimated to be \$1,240,855.00. This is the first year of implementation for GASB 75, so no deferred inflows or outflows of resources are anticipated for liabilities.

Other Supplementary Information

Schedule of Changes in the Borough's Total OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,		
	2018	2017	2016
Service Cost	\$ 310,504	N/A	N/A
Interest Cost	930,351		
Benefits Paid (implicit)	<u>(846,139)</u>		
Net Change in Total OPEB Liability	394,716		
Total OPEB Liability (Beginning)	<u>24,905,982</u>		
Total OPEB Liability (Ending)	<u>\$25,300,698</u>		
Total Covered Employee Payroll	8,007,070		
Net OPEB Liability as a Percentage of Payroll	316%		

Schedule of Funding Progress

	December 31,	
Year Ended	2018	2017
Total OPEB Liability	\$ 25,300,698	\$ 24,905,982
Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 25,300,698</u>	<u>\$ 24,905,982</u>
Funded Ratio	0%	0%
Covered Payroll	8,007,070	N/A
Net OPEB Liability as a Percentage of Covered Payroll	316%	N/A

Schedule of Employer Contributions

Year Ended	Actuarial				Contributions
December 31,	Determined	Actual	Contribution	Covered	Percentage
	Contribution	Contribution	Deficiency	Payroll	Covered
					Payroll
2018	\$ 1,716,046	\$ -	\$ 1,716,046	\$ 8,007,070	0%

Amount is illustrated as zero since employer contributions are illustrated net of employee contributions

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 19,539,695	\$ 19,296,865	\$ 20,288,399
Utility:			
Bonds, Notes and Loans	11,375,585	10,345,822	8,985,411
	<hr/>	<hr/>	<hr/>
Total Debt Issued	30,915,280	29,642,687	29,273,810
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	2,749,486	2,615,168	707,165
Utility:			
Bonds, Notes and Loans	529,645	1,150,645	1,628,067
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	3,279,131	3,765,813	2,335,232
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u><u>\$ 34,194,411</u></u>	<u><u>\$ 33,408,500</u></u>	<u><u>\$ 31,609,042</u></u>
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	98,228	98,228	-
Water/Sewer Utility:			
Self Liquidating Debt	11,905,230	11,496,467	4,026,722
	<hr/>	<hr/>	<hr/>
Total Deductions	12,003,458	11,594,695	4,026,722
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u><u>\$ 22,190,953</u></u>	<u><u>\$ 21,813,805</u></u>	<u><u>\$ 27,582,320</u></u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 16,883,000	\$ 16,883,000	\$ -
General Debt	22,289,181	98,228	22,190,953
Utility Debt	11,905,230	11,905,230	-
	<u>\$ 51,077,411</u>	<u>\$ 28,886,458</u>	<u>\$ 22,190,953</u>

Net Debt \$22,190,953 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$3,406,291,992, equals 0.651%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 119,220,220
Net Debt	<u>22,190,953</u>
Remaining Borrowing Power	<u>\$ 97,029,267</u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 6,443,084
Deductions:	
Operating and Maintenance Costs	\$ 5,129,936
Debt Service	<u>615,277</u>
Total Deductions	<u>5,745,213</u>
Excess/(Deficit) in Revenue	<u>\$ 697,871</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

General Debt

A. Serial Bonds Payable

In July 2010, the Borough issued \$14,890,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00 % to 4.00 % and mature in 2024.

In November 2015, the Borough issued \$7,300,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2025.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,800,000	\$ 426,557	\$ 2,226,557
2020	1,850,000	375,918	2,225,918
2021	1,950,000	315,980	2,265,980
2022	2,130,000	266,430	2,396,430
2023	2,130,000	213,636	2,343,636
2024-2025	3,350,000	272,132	3,622,132
	<hr/>		
	\$ 13,210,000	\$ 1,870,653	\$ 15,080,653
	<hr/>		

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	Balance December 31, <u>2018</u>
Various Capital Improvements	1/12/18	1/11/19	1.700%	8,124.00
Various Capital Improvements	1/12/18	1/11/19	1.700%	181,070.00
Various Capital Improvements	1/12/18	1/11/19	1.700%	1,569,142.00
Various Capital Improvements	1/12/18	1/11/19	1.700%	1,489,004.00
Various Capital Improvements	1/12/18	1/11/19	1.700%	952,660.00
Various Capital Improvements	7/20/18	7/19/19	2.750%	200,273.00
Various Capital Improvements	7/20/18	7/19/19	2.750%	28,765.00
Renovations to Bay Ave Boat Ramp	7/20/18	7/19/19	2.750%	104,500.00
Renovations to Bay Ave Boat Ramp	7/20/18	7/19/19	2.750%	104,500.00
Various General Improvements	7/20/18	7/19/19	2.750%	699,853.00
Various General Improvements	7/20/18	7/19/19	2.750%	<u>687,309.00</u>
				<u><u>\$ 6,200,000.00</u></u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2018, the Borough had \$2,615,168 in various General Capital bonds and notes authorized but not issued.

D. Loans Payable

Green Acres Loan

In 2000 & 2010 the Borough finalized two loan agreements.

The first loan was in 2000, of \$148,836 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of River and Maxxon Avenue Beach Development.

The second loan was in 2010, of \$113,000 to be repaid over a 20 year period at a 2.00 % interest rate. The proceeds of the loan is to provide for the restoration of Riverfront Park.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 32,817	\$ 3,077	\$ 35,894
2020	33,475	2,431	35,906
2021	5,787	1,771	7,558
2022	5,903	1,239	7,142
2023	6,022	1,123	7,145
2024-2028	31,978	3,786	35,764
2029-2030	13,713	719	14,432
	<u>\$ 129,695</u>	<u>\$ 14,146</u>	<u>\$ 143,841</u>

Water/Sewer Utility Debt

A. Serial Bonds Payable

In July 2010, the Borough issued \$4,980,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00 % to 4.00 % and mature in 2029.

In November 2015, the Borough issued \$1,360,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00 % to 4.00 % and mature in 2029.

Principal and interest due on the outstanding bonds is as follows:

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 385,000	\$ 160,492	\$ 545,492
2020	400,000	148,555	548,555
2021	400,000	135,042	535,042
2022	410,000	123,901	533,901
2023	430,000	112,754	542,754
2024-2028	1,965,000	364,657	2,329,657
2029	380,000	45,600	425,600
	<u>\$ 4,370,000</u>	<u>\$ 1,091,001</u>	<u>\$ 5,461,001</u>

B. Loans Payable

New Jersey Environmental Infrastructure Trust

In 2014 the Borough finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program

The first loan consists of two agreements, a TRUST Loan Agreement for \$405,000 to be repaid over a 19-year period at interest rates ranging from 3.00%-5.00% and a no interest Fund Loan Agreement of \$411,161 to be repaid over a 19-year period. The proceeds of the loans are to provide for replacement of the Borough's pumping station

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,906	\$ 13,513	\$ 49,419
2020	40,906	12,763	53,669
2021	40,906	12,013	52,919
2022	40,906	11,013	51,919
2023	40,906	10,013	50,919
2024-2028	219,532	36,113	255,645
2029-2033	186,520	17,063	203,583
	<u>\$ 605,585</u>	<u>\$ 112,491</u>	<u>\$ 718,076</u>

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 12. Municipal Debt (continued)

C. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2018:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Various Improvements	1/12/2018	1/11/2019	1.700%	\$ 900,000
Replacement of Pumping Statio	1/12/2018	1/11/2019	1.700%	1,700,000
Various Improvements	1/12/2018	1/11/2019	1.700%	1,050,000
Various Improvements	1/12/2018	1/11/2019	1.700%	250,000
Various Improvements	1/12/2018	1/11/2019	1.700%	500,000
Various Improvements	1/12/2018	1/11/2019	1.700%	500,000
Various Improvements	7/20/2018	7/19/2019	2.750%	69,480
Various Improvements	7/20/2018	7/19/2019	2.750%	61,357
Various Improvements	7/20/2018	7/19/2019	2.750%	20,133
Various Improvements	7/20/2018	7/19/2019	2.750%	116,375
Various Improvements	7/20/2018	7/19/2019	2.750%	456,175
Various Improvements	7/20/2018	7/19/2019	2.750%	367,100
Various Improvements	7/20/2018	7/19/2019	2.750%	<u>349,355</u>
				<u><u>\$ 6,400,000</u></u>

The purpose of these short-term borrowings was to provide resources for utility capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

Note 12. Municipal Debt (continued)

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2018 the Borough had \$1,150,645.00 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2017</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2018</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 14,935,000	\$ -	\$ 1,725,000	\$ 13,210,000	\$ 1,800,000
Bond Anticipation Notes	4,200,000	6,200,000	4,200,000	6,200,000	6,200,000
Green Acres Loan Payable	161,865	-	32,170	129,695	32,817
	<u>\$ 19,296,865</u>	<u>\$ 6,200,000</u>	<u>\$ 5,957,170</u>	<u>\$ 19,539,695</u>	<u>\$ 8,032,817</u>
Utility Capital:					
Utility Bonds	\$ 4,750,000	\$ -	\$ 380,000	\$ 4,370,000	\$ 385,000
Bond Anticipation Notes	4,900,000	6,400,000	4,900,000	6,400,000	6,400,000
NJEIT Loan Payable	695,822	-	90,237	605,585	35,906
	<u>\$ 10,345,822</u>	<u>\$ 6,400,000</u>	<u>\$ 5,370,237</u>	<u>\$ 11,375,585</u>	<u>\$ 6,820,906</u>

Note 13. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2018</u>	2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Community Disaster Loan Program	\$ 4,113,315	\$ -	\$ 4,113,315
Water/Sewer Utility Operating Fund:			
Community Disaster Loan Program	\$ 703,909	\$ -	\$ 703,909
Emergency Appropriation	145,000	145,000	-

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 14 Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Local Tax	\$ 18,253,579.00	\$ 17,581,804.00
Deferred Taxes	<u>7,048,707.00</u>	<u>7,048,707.00</u>
Local Tax Payable	<u>\$ 11,204,872.00</u>	<u>\$ 10,533,097.00</u>

Note 15. Deferred Compensation Salary Account

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 16. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$1,467,244 at December 31, 2018.

Note 17. Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

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

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 17. Risk Management (continued)

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.

New Jersey Unemployment Compensation Insurance

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

<u>Year</u>	<u>Contributions</u>	<u>Amount</u>	
		<u>Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 75,851	\$ 60,832	\$ 67,893
2017	75,293	55,833	52,874
2016	75,038	57,468	33,414

Note 18. Contingencies

Grantor Agencies

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2018 the Borough estimates that no material liabilities will result from such audits.

Litigation

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2018.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 18. Contingencies (continued)

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 19. Length of Service Awards Program

The Borough's length of service awards program ("LOSAP") is reported in the Borough's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute \$1,648 for the year ended December 31, 2018 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2018, the Borough contributed a total of \$72,512.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Variable Annuity Life Insurance Company - VALIC ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

**BOROUGH OF POINT PLEASANT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 19. Length of Service Awards Program (continued)

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2018 payouts of \$155,467 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2018, no accounts were forfeited.

Plan Information - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

Note 20. Subsequent Events

As discussed Note 1, the Borough has evaluated subsequent events through August 12, 2018, the date the financial statements were available to be issued. The following was noted:

On July 10, 2019 the Borough sold \$5,395,000 in General Obligation Bonds and \$4,707,000 in Water/Sewer Utility Bonds, Series 2019 to Hutchinson, Shockey, Erley & Co. at interest rates varying from 3.00% to 5.00%.

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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, 2018**

	CURRENT	FEDERAL & STATE GRANT FUNDS
Balance December 31, 2017	\$ 22,504,918	\$ -
Increased by Receipts:		
Miscellaneous Reserves	\$ 28,676	
Taxes Receivable	61,268,332	-
Prepaid Taxes	681,408	-
Revenue Accounts Receivable	2,403,603	-
Due From State of New Jersey - Senior Citizen & Veteran Deductions	165,424	-
Nonbudget Revenue	365,254	-
Interfunds	412,415	-
Federal & State Grants Receivable	-	783,337
	<u>65,325,112</u>	<u>783,337</u>
	87,830,030	783,337
Decreased by Disbursements:		
2018 Appropriations	17,129,608	-
2017 Reserve Appropriations	352,672	-
County Taxes	14,067,318	-
Local District School Tax	35,835,390	-
Open Space Tax	65,156	-
Miscellaneous Reserves	25,966	-
Accounts Payable	665	-
Interfunds	-	375,903
Tax Overpayments	27,659	-
Reserve for Federal & State Grant Funds - Appropriated	-	397,305
	<u>67,504,434</u>	<u>773,208</u>
Balance December 31, 2018	<u>\$ 20,325,596</u>	<u>\$ 10,129</u>

BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2018

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELLATIONS	TRANSFER TO TAX TITLE LIEN	BALANCE DECEMBER 31, 2018
				2017	2018				
2017	\$ 424,520	\$ -	\$ -	\$ -	\$ 421,926	\$ (6,000)	\$ 7,437	\$ 350	\$ 807
Total	424,520	-	-	-	421,926	(6,000)	7,437	350	807
2018	-	64,887,228	433,827	3,870,620	60,777,993	167,522	55,168	3,563	446,189
Total	\$ 424,520	\$ 64,887,228	\$ 433,827	\$ 3,870,620	\$ 61,199,919	\$ 161,522	\$ 62,605	\$ 3,913	\$ 446,996

Cash Receipts	\$ 61,268,332
Overpayments	<u>(68,413)</u>
Total	<u>\$ 61,199,919</u>

ANALYSIS OF 2018 PROPERTY TAX LEVY

General Purpose Tax	\$ 64,887,228
Added & Omitted Taxes (54:4-6 et seq)	<u>433,827</u>
Total	<u>\$ 65,321,055</u>
TAX LEVY:	
Local District School Tax	\$ 36,507,165
General County Tax	\$ 11,838,240
County Library Tax	1,291,697
County Open Space	409,299
County Health Tax	466,425
Due County for Added & Omitted Taxes	<u>54,260</u>
	<u>14,059,921</u>
Local Tax for Municipal Purposes	14,461,415
Municipal Open Space	65,156
Add: Additional Taxes Levied	<u>227,398</u>
	<u>14,753,969</u>
Total	<u>\$ 65,321,055</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	74,269
Increased by:			
Transfers from Taxes Receivable	\$	3,913	
Transfers from Water Sewer Lien Receivable		67	3,980
			<hr/>
			78,249
Decreased by:			
Foreclosed Property		1,972	
Cash Received - Lien Redeemed		69,545	
Cancelled by Resolution		3,909	75,426
			<hr/>
Balance December 31, 2018		\$	<u><u>2,823</u></u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	ACCRUED IN 2018	REALIZED	BALANCE DECEMBER 31, 2018
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 15,393	\$ 15,393	\$ -
Construction Code Fees	-	466,478	466,478	-
Fees and Permits - Other	-	45,946	45,946	-
Municipal Court	12,173	153,995	159,396	6,772
Interest on Investments & Deposits	-	344,339	344,339	-
Interest on Costs on Taxes	-	144,475	144,475	-
Energy Receipts Tax	-	1,226,819	1,226,819	-
Consolidated Municipal Property Tax Relief Aid	-	757	757	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 12,173	\$ 2,398,202	\$ 2,403,603	\$ 6,772
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Receipts			\$ 2,403,603	
			<hr/>	
Total			\$ 2,403,603	
			<hr/>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
OPERATIONS WITHIN "CAPS":					
General Government Functions:					
General Administration:					
Salaries and Wages	\$ -	4	\$ 4	\$ -	\$ 4
Other Expenses	3,273	1,776	5,049	3,159	1,890
Municipal Clerk:					
Salaries and Wages	-	167	167	-	167
Other Expenses	3,397	768	4,165	2,721	1,444
Elections:	-	146	146	-	146
Financial Administration (Treasury):					
Salaries and Wages	-	4,540	4,540	-	4,540
Other Expenses	6,753	1,871	8,624	6,454	2,170
Audit Services:					
Annual Audit	3,365	6,000	9,365	1,032	8,333
Revenue Administration (Tax Collector):					
Other Expenses	35	9,124	9,459	288	9,171
Tax Assessor:					
Salaries and Wages	-	3	3	-	3
Other Expenses	-	870	870	-	870
Cost of Tax Appeals	2,400	-	2,400	-	2,400
Legal Services:					
Other Expenses	35,212	-	35,212	7,176	28,036
Engineering Services & Costs:					
Other Expenses	21,246	37,000	58,246	241	58,005
Land Use Administration:					
Planning Board:					
Other Expenses	10,395	267	10,662	1,108	9,554
Zoning Board of Adjustment:					
Other Expenses	8,181	1,801	9,982	566	9,416
Zoning Officer:					
Salaries and Wages	-	16,149	16,149	-	16,149
Other Expenses	-	10,603	10,603	-	10,603
Insurance:					
Group Insurance	17,092	86,381	103,473	-	103,473
Liability	-	17,860	17,860	-	17,860
Workers' Compensation Insurance	-	18,907	18,907	-	18,907
Group Health Waivers	-	20,925	20,925	7,011	13,914
Public Safety Functions:					
Police:					
Salaries and Wages	-	111,430	111,430	11,009	100,421
Other Expenses	65,526	262	65,788	56,312	9,476
Purchase of Police Vehicles	8,455	26,172	34,627	-	34,627
Office of Emergency Management					
Other Expenses	2,998	27	3,025	2,999	26
Aid to Volunteer Fire Companies:					
Other Expenses:					
Fire Station No. 75	40,000	-	40,000	-	40,000

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2017 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Public Works Functions:					
Road Repairs & Maintenance:					
Salaries and Wages	-	77,073	77,073	9,466	67,607
Other Expenses	16,267	780	17,047	5,420	11,627
Other Public Works Functions					
Recycling:					
Other Expenses	31,803	692	32,495	28,223	4,272
Snow Removal					
Salaries and Wages	-	65,314	65,314	538	64,776
Other Expenses	13,860	22,257	36,117	13,860	22,257
Solid Waste Collection:					
Contractual	58,602	6,615	65,217	58,307	6,910
Building & Grounds:					
Other Expenses	3,729	835	4,564	2,325	2,239
Community Services Act					
Other Expenses	-	24,058	24,058	-	24,058
Health & Human Services:					
Board of Health:					
Other Expenses	461	230	691	461	230
Environmental Commission:					
Salaries and Wages	-	46	46	-	46
Other Expenses	799	3,171	3,970	1,314	2,656
Park & Recreation Functions:					
Recreation Services & Programs:					
Salaries and Wages	-	1,360	1,360	641	719
Other Expenses	797	915	1,712	1,693	19
Utility Expense & Bulk Purchases:					
Electricity	33,176	10,000	43,176	6,324	36,852
Street Lighting	1,171	30,000	31,171	5,047	26,124
Telephone	4,112	10,401	14,513	1,598	12,915
Gasoline	598	-	598	598	-
Natural Gas	219	4,000	4,219	3,219	1,000
Landfill/Solid Waste Disposal Costs:					
Landfill Dumping Fees	59,591	11,000	70,591	46,031	24,560
Municipal Court:					
Other Expenses	-	4,800	4,800	-	4,800
Public Defender					
Other Expenses	933	-	933	-	933
State Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	-	36,689	36,389	2,647	33,742
Other Expenses	4,323	6,622	10,945	4,324	6,621
Other Common Operating Functions:					
Judgements	-	100	100	-	100

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		
School Tax Payable	\$ 10,533,097	
School Tax Deferred	<u>7,048,707</u>	\$ 17,581,804
Increased by:		
Calendar Year Levy - 2018		<u>36,507,165</u>
		54,088,969
Decreased by:		
Cash Disbursements		<u>35,835,390.00</u>
Balance December 31, 2018		
School Tax Payable	11,204,872	
School Tax Deferred	<u>7,048,707</u>	
Total		<u><u>\$ 18,253,579</u></u>
2018 Liability for Local District School Tax:		
Tax Paid	\$ 35,835,390	
Tax Payable December 31, 2018	<u>11,204,872</u>	
Subtotal		47,040,262
Less: Tax Payable December 31, 2017		<u>10,533,097</u>
Amount Charged to 2018 Operations		<u><u>\$ 36,507,165</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 61,657
Increased by:		
County Tax	\$ 11,838,240	
County Library Tax	1,291,697	
County Open Space	409,299	
County Health Tax	466,425	
Added & Omitted Taxes	<u>54,260</u>	
		<u>14,059,921</u>
		14,121,578
Decreased by:		
Disbursements		<u>14,067,318</u>
Balance December 31, 2018		<u><u>\$ 54,260</u></u>

**SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	INCREASES	DECREASES	BALANCE DECEMBER 31, 2018
Reserve for Superstorm Sandy	\$ 210,028	\$ 2,457	\$ 210,028	\$ 2,457
Reserve for Tax Appeal	300,000	-	-	300,000
Reserve for Sale of Municipal Assets	1,403,205	-	250,000	1,153,205
Reserve for Sale of Liquor Licenses	255,001	-	-	255,001
Due State of New Jersey:				
Marriage License Fees	679	3,335	3,425	589
DCA Training Fees	<u>6,108</u>	<u>22,884</u>	<u>22,541</u>	<u>6,451</u>
Total	<u><u>\$ 1,942,013</u></u>	<u><u>\$ 28,676</u></u>	<u><u>\$ 485,994</u></u>	<u><u>\$ 1,717,703</u></u>
Cash Disbursement		\$ 25,966		
Recognized as Budgeted Revenue		<u>460,028</u>		
		<u><u>\$ 485,994</u></u>		

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	3,870,620
Increased By:			
Cash Receipts:			
Transfer of Overpayment	\$	40,300	
Collection of 2019 Taxes		641,108	681,408
			<hr/>
			4,552,028
Decreased By:			
Amount Applied To 2018 Taxes Receivable			<hr/>
			3,870,620
Balance, December 31, 2018		\$	<hr/> <hr/> 681,408

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	62,313
Increased By:			
Transfer from Appropriation Reserves			<u>11,952</u>
			74,265
Decreased By:			
Cash Disbursements	\$	665	
Cancellations		<u>11,648</u>	
			<u>12,313</u>
Balance, December 31, 2018		\$	<u><u>61,952</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 18,997
Increased By:		
Senior Citizens' Deductions Per Tax Billing	\$ 165,000	
Veterans' Deductions Per Tax Billing	-	
Deductions Allowed By Collector:		
2018 Taxes	3,500	
		<u>168,500</u>
		187,497
Decreased By:		
Cash Receipts	\$ 165,424	
2017 Senior Citizens' Deductions		
Disallowed	6,000	
2018 Senior Citizens' Deductions		
Disallowed	978	
		<u>172,402</u>
Balance, December 31, 2018		<u><u>\$ 15,095</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	20,942
Increased By:			
Overpayments			<u>68,413</u>
			89,355
Decreased By:			
Transfer to Prepaid Taxes	\$	40,300	
Overpayments Refunded		<u>27,659</u>	<u>67,959</u>
Balance, December 31, 2018		\$	<u><u>21,396</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	TOTAL	GRANT FUND	ANIMAL CONTROL TRUST	TRUST OTHER FUND
Balance December 31, 2017 Due from/(to)	\$ 368,134	\$ 368,121	\$ -	\$ 13
Interfunds Created	6,081	-	6,081	-
Total Increases	6,081	-	6,081	-
	374,215	368,121	6,081	13
Decreased by:				
Interfunds Liquidated	368,119	368,119	-	-
Prior Year Interfund Received	-	-	-	-
Total Decreases	368,119	368,119	-	-
Balance December 31, 2018 Due from/(to)	\$ 6,096	\$ 2	\$ 6,081	\$ 13

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	2018 ANTICIPATED REVENUE	CHAPTER 159	RECEIVED	TRANSFER FROM UNAPPROPRIATED	CANCELLED	BALANCE DECEMBER 31, 2018
State Grants:							
Bulletproof Vest Partnership Grant	\$ 5,887	\$ -	\$ 1,590	\$ 4,218	\$ -	\$ -	\$ 3,259
Clean Communities Program	-	-	39,530	39,530	-	-	-
Drunk Driving Enforcement	-	6,315	-	6,165	-	-	150
Drive Sober or Get Pulled Over	5,500	-	5,500	5,500	-	-	5,500
NJOEM Reimbursement	-	-	4,488	4,194	-	294	-
FEMA - Emergency Generator	262,650	-	-	258,518	-	4,132	-
Hazard Mitigation - Tideflex	77,940	-	-	77,940	-	-	-
Strategic Recovery Planning Report	8,226	-	-	-	-	8,226	-
CDBG - Floodplain Management	50,000	-	-	33,138	-	16,862	-
Pedestrian Safety, Education & Enforcement Fund	-	-	12,005	-	-	-	12,005
NJ Transportation Trust Fund Authority Act:							
2008 NJ DOT - West End Dr.	91,527	-	-	81,250	-	10,277	-
2014 NJ DOT - Bay Ave.	50,000	-	-	50,000	-	-	-
2017 NJ DOT - Christine Court and Rue Mirador	-	-	235,000	176,250	-	-	58,750
2018 NJ DOT - Rue Mirador	-	-	425,000	-	-	-	425,000
Community Development Block Grant:							
CT - 884-09	1,561	-	-	-	-	1,561	-
Recycling Tonnage Grant	-	24,536	-	-	24,535	1	-
Alcohol Education & Rehabilitation	-	-	1,025	1,025	-	-	-
Cops in Shops	2,000	-	2,640	2,640	-	-	2,000
Distracted Driving Crackdown	-	-	6,600	6,600	-	-	-
County Grants:							
Senior Services County Grant	-	17,918	7,000	24,918	-	-	-
Local Grants:							
Police Grant - Tactical Rifles	-	-	11,451	11,451	-	-	-
Total Grant Funds	\$ 555,291	\$ 48,769	\$ 751,829	\$ 783,337	\$ 24,535	\$ 41,353	\$ 506,664

BOROUGH OF POINT PLEASANT
CURRENT FUND
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE DECEMBER 31, 2017	TRANSFER FROM 2018 BUDGET APPROPRIATION	CHAPTER 159	EXPENDED	PRIOR YEAR ENCUMBRANCES	CURRENT YEAR ENCUMBRANCES	CANCELLED	BALANCE DECEMBER 31, 2018
State Grants:								
Clean Communities Program	\$ 9,784	\$ -	39,530	\$ 39,527	\$ 1,624	\$ 3,228	\$ -	\$ 8,183
Alcohol Education Rehabilitation Fund	14,360	-	1,025	1,400	-	-	-	13,985
Pedestrian Safety Education and Enforcement	8,789	-	12,005	10,034	-	-	-	10,760
Body Armor Replacement Grant	26	-	-	1,772	1,746	-	-	-
Bullet Proof Partnership Grant	6,515	-	1,590	7,275	-	-	-	830
NJOEM Reimbursement	-	-	4,488	4,194	-	-	294	-
Emergency Generator	-	-	-	10,675	10,675	-	-	-
NJ Transportation Trust Fund Authority Act:								
NJ DOT - Riverwood Ave.	22,013	-	-	-	-	-	22,013	-
2017 NJ DOT - Christine Court and Rue Mirador	-	-	235,000	235,000	-	-	-	-
2018 NJ DOT - Rue Mirador	-	-	425,000	-	-	-	-	425,000
Community Development Block Grant:								
CT - 884-09	3,568	-	-	-	-	-	3,568	-
CDBG - Floodplain Mgmt	-	-	-	294	15,188	-	14,894	-
Distracted Driving Crackdown Grant	-	-	6,600	6,600	-	-	-	-
Recycling Tonnage Grant	2,406	24,536	-	27,270	665	300	-	37
Strategic Recovery Planning Report	7,100	-	-	-	1,265	-	8,365	-
Cops in Shops	1,882	-	2,640	2,640	-	-	-	1,882
Drive Sober Grant	3,705	-	5,500	4,620	-	-	-	4,585
Drunk Driving Enforcement Fund	16,616	6,315	-	9,635	-	-	-	13,296
Over the Limit Grant	4,377	-	-	-	-	-	-	4,377
County Grants:								
Senior Services County Grant	-	17,918	7,000	24,918	-	-	-	-
Local Grants:								
Police Grant - Tactical Rifles	-	-	11,451	11,451	-	-	-	-
Total	\$ 101,141	\$ 48,769	\$ 751,829	\$ 397,305	\$ 31,163	\$ 3,528	\$ 49,134	\$ 482,935

**BOROUGH OF POINT PLEASANT
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	RECEIVED 2018	UTILIZED AS REVENUE	BALANCE DECEMBER 31, 2018
Recycling Tonnage Grant	\$ 24,535	\$ -	\$ 24,535	\$ -
Total	\$ 24,535	\$ -	\$ 24,535	\$ -

TRUST FUND

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**BOROUGH OF POINT PLEASANT
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>OTHER</u>	<u>OPEN SPACE</u>	<u>DOG LICENSE</u>
Balance December 31, 2017	\$ 1,577,611	\$ 225,833	\$ 39,046
Increased by Receipts:			
Various Reserves	\$ 3,315,225	\$ -	\$ -
Interfunds	-	65,156	-
Interest Earnings	-	3,261	-
State Registration Fees	-	-	2,316
Budget Allocations	-	-	33,968
License Fees & Others	-	-	18,232
Total Increases	<u>3,315,225</u>	<u>68,417</u>	<u>54,516</u>
Total Increases & Balances	<u>4,892,836</u>	<u>294,250</u>	<u>93,562</u>
Decreased by Disbursements:			
Various Reserves	3,465,913	-	-
Interfunds	-	-	-
Reserve for Municipal Open Space	-	68,795	-
State Registration Fees	-	-	2,343
Expenditures Under R.S.4:19-15.11	-	-	40,062
Total Disbursements	<u>3,465,913</u>	<u>68,795</u>	<u>42,405</u>
Balance December 31, 2018	<u><u>\$ 1,426,923</u></u>	<u><u>\$ 225,455</u></u>	<u><u>\$ 51,157</u></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, 2018**

Balance December 31, 2017	\$ 28
Increased by:	
State Registration Fees	<u>2,316</u>
	2,344
Decreased by:	
Disbursements	<u>2,343</u>
Balance December 31, 2018	<u><u>\$ 1</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 39,043
Increased by:	
Dog License Fees Collected	\$ 18,232
Transfer from Current	<u>33,968</u>
	<u>52,200</u>
	91,243
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>46,143</u>
Balance December 31, 2018	<u><u>\$ 45,100</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2016	\$ 18,683
2017	<u>26,417</u>
Total	<u><u>\$ 45,100</u></u>

**BOROUGH OF POINT PLEASANT
OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 225,833
Increased by:		
Open Space Tax Levied	\$ 65,156	
Interest Earnings	<u>3,261</u>	
		<u>68,417</u>
		294,250
Decreased by:		
Open Space Expenditures		<u>68,795</u>
Balance December 31, 2018		<u><u>\$ 225,455</u></u>

**SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ -
Increased by:		
Open Space Tax Levy		<u>65,156</u>
		65,156
Decreased by:		
Cash Receipts		<u>65,156</u>
Balance December 31, 2018		<u><u>\$ -</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2018
Reserve For:				
Law Enforcement	\$ 30,850	\$ 3,423	\$ 20,711	\$ 13,562
Affordable Housing	51,581	16,492	107	67,966
Public Defender	42,059	13,302	5,400	49,961
Recreation	71,819	471,513	494,093	49,239
POAA Funds	616	72	-	688
Pedestrian Safety	-	14,160	-	14,160
Safety Awards	546	-	-	546
Environmental Commission	5,524	5,180	4,250	6,454
Demolition Permits	14,000	24,000	27,000	11,000
Escrow Zoning Board	38,182	48,600	45,251	41,531
Planning Board	39,938	46,203	48,846	37,295
Recycling	2,022	5,693	1,360	6,355
Police Outside Services	146,270	506,317	490,136	162,451
Lien & Premium Account	717,673	1,978,699	2,159,769	536,603
Forfeited Funds	3,168	-	-	3,168
Unemployment Trust	52,874	75,851	60,832	67,893
Engineering Escrow	43,021	29,485	25,382	47,124
Police - Dare, Explorer, Summer	8,326	2,835	3,367	7,794
Grading Escrow	9,270	6,200	6,100	9,370
Performance Bond Escrow	327,866	67,200	73,309	321,757
Due to Board of Education	2,321	-	-	2,321
Total	<u>\$ 1,607,926</u>	<u>\$ 3,315,225</u>	<u>\$ 3,465,913</u>	<u>\$ 1,457,238</u>

**BOROUGH OF POINT PLEASANT
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	1,072,827
Increased by:			
Borough Contributions	\$	72,512	
Interest Earnings		<u>4,336</u>	
			<u>76,848</u>
			1,149,675
Decreased by:			
Loss on Investments		45,880.00	
Withdrawals		<u>155,467.00</u>	
			<u>201,347</u>
Balance, December 31, 2018		\$	<u><u>948,328</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$ 645,490
Increased by:		
Premium on Notes	\$ 12,140	
Bond Anticipation Notes Issued	6,200,000	
Grants Received	166,600	
Capital Improvement Fund	100,000	
	<u> </u>	<u>6,478,740</u>
		7,124,230
Decreased by:		
Bond Anticipation Note Matured	4,200,000	
Improvement Authorizations	2,247,805	
	<u> </u>	<u>6,447,805</u>
Balance December 31, 2018		<u><u>\$ 676,425</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

Fund Balance	\$ 100,724
Capital Improvement Fund	124,206
Reserve for Encumbrances	367,525
Reserve for Debt Service	98,228
Grants Receivable	(60,000)
Due to Water/Sewer Capital	300,000

Improvement Authorizations:

ORDINANCE NUMBER	DESCRIPTION	
01-12	Various General Improvements	1,444
05-21	Various Capital Improvements	8,648
07-11	Various Capital Improvements	1,476
08-10, 09-03, 10-05	Various Capital Improvements	3,734
10-07	Various Capital Improvements	7,684
10-18	Surveillance Equipment at Parks	37,899
12-15	Various Capital Improvements	54,996
13-13	Various Capital Improvements	333
13-19	Various Capital Improvements	3,546
14-08	Various Capital Improvements	283,004
15-18	Various Capital Improvements	212,330
16-07	Various Capital Improvements	235,176
17-05	Renovations to Bay Ave Boat Ramp	23,557
17-06	Renovations to Heritage Park	45,330
17-09	Various General Improvements	(976,627)
17-22	Heritage Park Renovation	11,298
18-02	Various General Improvements	(211,436)
18-16	Recreation Facility Improvements	3,350
		<hr/>
	Total	\$ 676,425
		<hr/> <hr/>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	15,096,865
Decreased by:			
Budget Appropriation:			
Serial Bonds Payable	\$	1,725,000	
Green Acres Loan Payable		<u>32,170</u>	
			<u>1,757,170</u>
Balance, December 31, 2018		\$	<u><u>13,339,695</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ANALYSIS OF BALANCE DECEMBER 31, 2018									
		BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	FUNDED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2018	BOND ANTICIPATION NOTES	BAN EXCESS FINANCING	EXPENDITURES	UNEXPENDED BALANCE	
13-13	Various Capital Improvements	\$ 8,124	\$ -	\$ -	\$ -	8,124	\$ 8,124	\$ -	\$ -	\$ -	
13-19	Various Capital Improvements	181,070	-	-	-	181,070	181,070	-	-	-	
14-08	Various Capital Improvements	1,569,142	-	-	7,992	1,561,150	1,769,415	(208,265)	-	-	
15-18	Various Capital Improvements	1,489,004	-	-	531	1,488,473	1,489,004	(531)	-	-	
16-07	Various Capital Improvements	981,425	-	-	-	981,425	981,425	-	-	-	
17-05	Renovations to Bay Ave Boat Ramp	104,500	-	10,000	-	94,500	104,500	(10,000)	-	-	
17-06	Renovations to Heritage Park	104,500	-	36,600	-	67,900	104,500	(36,600)	-	-	
17-09	Various General Improvements	2,202,603	-	-	1,055	2,201,548	699,853	-	976,627	525,068	
17-22	Heritage Park Renovation	174,800	-	-	-	174,800	174,800	-	-	-	
18-02	Various General Improvements	-	1,935,100	-	-	1,935,100	687,309	-	211,436	1,036,355	
Total		\$ 6,815,168	\$ 1,935,100	\$ 46,600	\$ 9,578	\$ 8,694,090	\$ 6,200,000	\$ (255,396)	\$ 1,188,063	\$ 1,561,423	

Ordinance 17-05	13,557
Ordinance 17-06	8,730
Ordinance 17-22	11,298
Ordinance 16-07	235,176
Ordinance 14-08	74,739
Total - C-8 Exhibit	1,904,923

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 177,206
Increased by:	
Receipts - Current Fund Appropriations	<u>100,000</u>
Subtotal	277,206
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>153,000</u>
Balance December 31, 2018	<u><u>\$ 124,206</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
13-13	Various Capital Improvements	1/22/15	1/12/18	1/11/19	1.700%	\$ 8,124	\$ 8,124.00	\$ 8,124	\$ 8,124
13-19	Various Capital Improvements	1/22/15	1/12/18	1/11/19	1.700%	181,070	181,070	181,070	181,070
14-08	Various Capital Improvements	1/22/15	1/12/18	1/11/19	1.700%	1,569,142	1,569,142	1,569,142	1,569,142
15-08	Various Capital Improvements	1/13/17	1/12/18	1/11/19	1.700%	1,489,004	1,489,004	1,489,004	1,489,004
16-07	Various Capital Improvements	1/13/17	1/12/18	1/11/19	1.700%	952,660	952,660	952,660	952,660
14-08	Various Capital Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	200,273	-	200,273
16-07	Various Capital Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	28,765	-	28,765
17-05	Renovations to Bay Ave Boat Ramp	7/20/18	7/20/18	7/19/19	2.750%	-	104,500	-	104,500
17-06	Renovations to Bay Ave Boat Ramp	7/20/18	7/20/18	7/19/19	2.750%	-	104,500	-	104,500
17-09	Various General Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	699,853	-	699,853
17-22	Heritage Park Renovation	7/20/18	7/20/18	7/19/19	2.750%	-	174,800	-	174,800
18-02	Various General Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	687,309	-	687,309
						<u>\$ 4,200,000</u>	<u>\$ 6,200,000</u>	<u>\$ 4,200,000</u>	<u>\$ 6,200,000</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	2018 AUTHORIZATIONS					PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	CANCELLED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2018	
		CAPITAL IMPROVEMENT FUND		BONDS AND NOTES AUTHORIZED BUT NOT ISSUED		FUNDED					UNFUNDED	
		BALANCE DECEMBER 31, 2017 FUNDED	UNFUNDED									
01-12	Various General Improvements	\$ 1,444	\$ -	\$ -	\$ -	\$ -	-	\$ -	-	\$ -	1,444	\$ -
02-18	Various Capital Improvements	1,057	-	-	-	7	-	1,057	7	-	-	-
05-21	Various Capital Improvements	8,648	-	-	-	-	-	-	-	-	8,648	-
07-11	Various Capital Improvements	3,605	-	-	-	7,222	-	8,876	-	475	1,476	-
07-18	Improvements to River Front Park	-	-	-	-	838	-	838	-	-	-	-
08-10, 09-03, 10-05	Various Capital Improvements	52,942	-	-	-	53,485	-	82,794	-	19,899	3,734	-
10-07	Various Capital Improvements	14,837	-	-	-	3,669	-	5,938	665	7,684	-	-
10-18	Surveillance Equipment at Parks	59,147	-	-	-	-	-	18,589	-	2,659	37,899	-
11-20	Various Capital Improvements	11	-	-	-	-	-	11	-	-	-	-
12-15, 15-02	Various Capital Improvements	99,520	-	-	-	-	-	43,856	-	668	54,996	-
13-13	Various Capital Improvements	-	-	-	-	333	-	-	-	-	333	-
13-19, 15-03	Various Capital Improvements	11,317	-	-	-	1,411	-	6,835	1,098	1,249	3,546	-
14-08	Various Capital Improvements	-	157,506	-	-	24,636	-	76,055	7,992	23,356	-	74,739
15-18	Various Capital Improvements	-	313,407	-	-	994	-	85,858	531	16,214	211,798	-
16-07	Various General Improvements	-	246,097	-	-	120,491	-	100,302	-	31,110	-	235,176
17-05	Renovations to Bay Ave Boat Ramp	-	11,191	-	-	123,273	-	120,907	-	-	-	13,557
17-06	Renovations to Heritage Park	-	8,996	-	-	195,580	-	195,846	-	-	-	8,730
17-09	Various General Improvements	-	774,315	-	-	298,430	-	465,702	1,055	80,920	-	525,068
17-22	Heritage Park Renovation	-	28,446	-	-	155,554	-	170,543	-	2,159	-	11,298
18-02	Various General Improvements	-	-	103,000	-	-	-	863,798	-	137,947	-	1,036,355
18-16	Recreation Facility Improvements	-	-	50,000	1,935,100	-	-	-	-	46,650	3,350	-
Total		\$ 252,528	\$ 1,539,958	\$ 153,000	\$ 1,935,100	\$ 985,923	\$ 2,247,805	\$ 11,348	\$ 367,525	\$ 334,908	\$ 1,904,923	

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2017	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
General Improvements	7/7/2010	14,890,000	7/15/2019	1,100,000	3.250%	\$ 9,065,000	\$ 1,025,000	\$ 8,040,000
			7/15/2020	1,200,000	3.250%			
			7/15/2021	1,300,000	3.250%			
			7/15/2022	1,480,000	3.250%			
			7/15/2023	1,480,000	3.500%			
			7/15/2024	1,480,000	4.000%			
General Improvements	11/15/2015	7,300,000	11/15/2019	700,000	4.000%	5,870,000	700,000	5,170,000
			11/15/2020	650,000	2.000%			
			11/15/2021	650,000	2.000%			
			11/15/2022	650,000	2.000%			
			11/15/2023	650,000	2.000%			
			11/15/2024	650,000	2.125%			
			11/15/2025	1,220,000	2.250%			
Total						\$ 14,935,000	\$ 1,725,000	\$ 13,210,000

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2017	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2018
1989 Program	11/21/2000	\$ 148,836	2/21/2019	4,447	2.00%	\$ 26,819	\$ 8,762	\$ 18,057
			8/21/2019	4,491	2.00%			
			2/21/2020	4,536	2.00%			
			8/20/2020	4,582	2.00%			
1992 Program	10/27/2000	305,000	1/27/2019	9,113	2.00%	54,958	17,956	37,002
			7/27/2019	9,204	2.00%			
			1/27/2020	9,296	2.00%			
			7/27/2020	9,387	2.00%			
2010 Program	11/5/2010	113,000	2/5/2019	2,767	2.00%	80,088	5,452	74,636
			8/5/2019	2,795	2.00%			
			2/5/2020	2,823	2.00%			
			8/5/2020	2,851	2.00%			
			2/5/2021	2,879	2.00%			
			8/5/2021	2,908	2.00%			
			2/5/2022	2,937	2.00%			
			8/5/2022	2,966	2.00%			
			2/5/2023	2,996	2.00%			
			8/5/2023	3,026	2.00%			
			2/5/2024	3,056	2.00%			
			8/5/2024	3,087	2.00%			
			2/5/2025	3,118	2.00%			
			8/5/2025	3,149	2.00%			
			2/5/2026	3,181	2.00%			
			8/5/2026	3,212	2.00%			
			2/5/2027	3,245	2.00%			
			8/5/2027	3,277	2.00%			
			2/5/2028	3,310	2.00%			
			8/5/2028	3,343	2.00%			
			2/5/2029	3,376	2.00%			
			8/5/2029	3,410	2.00%			
			2/5/2030	3,444	2.00%			
			8/5/2030	3,479	2.00%			
Total						\$ 161,865	\$ 32,170	\$ 129,695

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$ 180,000
Increased By:		
	Grants Awarded	<u>-</u>
		180,000
Decreased By:		
	Grants Received	<u>120,000</u>
Balance, December 31, 2018		<u><u>\$ 60,000</u></u>
Analysis of Balance		
	17-06 Investors Foundation Grant	<u>\$ 60,000</u>
		<u><u>\$ 60,000</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	CANCELLED	GRANTS RECEIVED	BAN ISSUED	EXCESS FINANCING	BALANCE DECEMBER 31, 2018
14-08	Various Capital Improvements	\$ -	\$ -	\$ 7,992.00	\$ -	\$ 200,273	\$ 208,265	\$ -
15-18	Various Capital Improvements	-	-	531.00	-	-	531	-
16-07	Various Capital Improvements	28,765	-	-	-	28,765	-	-
17-05	Renovations to Bay Ave Boat Ramp	104,500	-	-	10,000	104,500	10,000	-
17-06	Renovations to Heritage Park	104,500	-	-	36,600	104,500	36,600	-
17-09	Various General Improvements	2,202,603	-	1,055.00	-	699,853	-	1,501,695
17-22	Heritage Park Renovation	174,800	-	-	-	174,800	-	-
18-02	Various General Improvements	-	1,935,100	-	-	687,309	-	1,247,791
Total		<u>\$ 2,615,168</u>	<u>\$ 1,935,100</u>	<u>\$ 9,578</u>	<u>\$ 46,600</u>	<u>\$ 2,000,000</u>	<u>\$ 255,396</u>	<u>\$ 2,749,486</u>

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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, 2018**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2017	\$ 1,534,249	\$ 1,707,970
Increased by Receipts:		
Miscellaneous Revenues	\$ 129,036	\$ -
Consumer Rents	6,195,811	-
Prepaid Rents	65,089	-
Interest on Delinquent Accounts	29,493	-
Rent Overpayments	32,095	-
NJEIT Credits	-	9,107
Capital Improvement Fund Budgeted Transfer	-	60,000
Bond Anticipation Note	-	6,400,000
	<u>6,451,524</u>	<u>6,469,107</u>
Subtotal	<u>6,451,524</u>	<u>6,469,107</u>
Total	<u>7,985,773</u>	<u>8,177,077</u>
Decreased by Disbursements:		
Budget Appropriations	6,393,936	-
Appropriation Reserves	266,182	-
Refund Overpayments	3,460	-
Bond Anticipation Note	-	4,900,000
Improvement Authorizations	-	1,098,773
	<u>6,663,578</u>	<u>5,998,773</u>
Total Disbursements	<u>6,663,578</u>	<u>5,998,773</u>
Balance December 31, 2018	<u><u>\$ 1,322,195</u></u>	<u><u>\$ 2,178,304</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH - WATER-SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Fund Balance	\$ 106,000
Capital Improvement Fund	244,142
Down Payment on Improvements	13,600
Reserve for Debt Service	46,669
Encumbrances Payable	113,356
Due from General Capital Fund	(300,000)
Improvement Authorizations:	
02-19 Various Improvements	3,732
03-16 Various Improvements	11,565
04-16 Various Improvements	15,476
05-22 Various Improvements	9,905
06-20, 12-02 Various Improvements	168,954
07-12 Various Improvements	11,246
10-08 Various Improvements	11,758
10-15, 12-03 Various Improvements	54,274
11-21 Purchase of Various Equipment and Various Improvements	8,371
12-05 Various Improvements	1,317,295
12-16 Various Improvements	23,817
13-20 Various Improvements	54,091
14-10 Various Improvements	4,433
15-01 Repair of Sanitary Sewer Line	9,467
15-19 Various Improvements	8,820
16-08 Various Improvements	201,345
17-10 Various Improvements	41,609
18-03 Various Improvements	(1,621)
	<hr/>
Total	<u><u>\$ 2,178,304</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 730,051
Increased by:	
Water-Sewer Levy	<u>6,376,475</u>
	7,106,526
Decreased by:	
Collections	\$ 6,195,811
Prepaid Rents Applied	132,798
Overpayments Applied	24,779
Transferred to Lien Receivable	67
Canceled by Resolution	6,472
Billing Adjustments, Net	<u>2,769</u>
	<u>6,362,696</u>
Balance, December 31, 2018	<u><u>\$ 743,830</u></u>

**SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>BALANCE DECEMBER 31, 2017</u>		BALANCE			BALANCE
	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>AFTER</u>	<u>PAID OR</u>		<u>LAPSED</u>
			<u>TRANSFERS</u>	<u>CHARGED</u>		
Salaries and Wages	\$ -	\$ 142,514	\$ 142,514	\$ 80,707	\$	61,807
Other Expenses	165,340	6,536	171,876	105,754		66,122
Ocean County Utilities Authority	116,483	4,000	120,483	79,721		40,762
Group Health Insurance	6,868	41,561	48,429	-		48,429
Social Security System	-	2,719	2,719	-		2,719
Liability and Workers Compensation	-	13,444	13,444	-		13,444
	<hr/>					
Total	<u>\$ 288,691</u>	<u>\$ 210,774</u>	<u>\$ 499,465</u>	<u>\$ 266,182</u>	<u>\$</u>	<u>233,283</u>
	<hr/>					
Cash Disbursements				<u>\$ 266,182</u>		
Total Paid or Charged				<u><u>\$ 266,182</u></u>		

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 69,493
Increased by:	
Interest Expense	<u>208,320</u>
	277,813
Decreased by:	
Interest Paid	<u>212,614.00</u>
Balance December 31, 2018	<u><u>\$ 65,199</u></u>

PRINCIPAL OUTSTANDING DECEMBER 31, 2018							
AMOUNT		RATE	FROM	TO	PERIOD	AMOUNT	
2010 Serial Bonds	\$ 3,320,000	Various	7/15/18	12/31/18	5 1/2 Months	\$	56,805.00
2015 Serial Bonds	1,050,000	Various	11/15/18	12/31/18	1 1/2 Months		3,077
NJEIT Loan	345,000	Various	8/1/18	12/31/18	5 Months		<u>5,317</u>
Total						\$	<u>65,199</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
RENT OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	20,822
Increased By:			
Overpayments			<u>32,095</u>
			52,917
Decreased By:			
Applied to 2018 Rent	\$	24,779	
Overpayments Refunded		<u>3,460</u>	
			<u>28,239</u>
Balance, December 31, 2018		\$	<u><u>24,678</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
PREPAID RENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017	\$ 132,798
Increased By:	
2019 Rents Received	<u>65,089</u>
	197,887
Decreased By:	
Applied to 2018 Rents	<u>132,798</u>
Balance, December 31, 2018	<u><u>\$ 65,089</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER-SEWER OPERATING INTERFUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ -
Increased by:	
Budgeted Capital Improvement Fund	<u>60,000</u>
	60,000
Decreased by:	
Interfunds Liquidated	<u>60,000</u>
	60,000
Balance December 31, 2018	<u><u>\$ -</u></u>

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 230,642
Increased by:	
Receipts - Utility Fund Appropriation	<u>60,000</u>
	290,642
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>46,500</u>
	46,500
Balance December 31, 2018	<u><u>\$ 244,142</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	IMPROVEMENTS AUTHORIZED	AUTHORIZATIONS CANCELLED	BALANCE DECEMBER 31, 2018
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	-	7,639	1,103,718
14-10	Various Improvements	284,350	-	4,433	279,917
15-01	Repair of Sanitary Sewer Line	116,375	-	-	116,375
15-19	Various Improvements	560,025	-	1,560	558,465
16-07	Various Improvements	956,175	-	1,813	954,362
17-10	Various Improvements	367,100	19,400	422	386,078
18-03	Various Improvements	-	925,500	-	925,500
Total		\$ 12,636,920	\$ 944,900	\$ 15,867	\$ 13,565,953

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018**

	BALANCE DECEMBER 31, 2018 & 2017
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	2,782,705
	<hr/>
Total	\$ 30,197,184
	<hr/> <hr/>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance, December 31, 2017		\$	420,816
Increased by:			
Authorization Funded by Capital Improvement Fund	\$	46,500	
Prior Year Authorization Funded by Capital Improvement Fund		19,400	65,900
			<hr/>
Balance, December 31, 2018		\$	<u><u>486,716</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017		\$	32,225,690
Increased by:			
Serial Bonds Paid by Budget	\$	380,000	
NJEIT Loans Paid/Cancelled		90,237	470,237
			<hr/>
Balance December 31, 2018		\$	<u><u>32,695,927</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	AUTHORIZED DATE	AUTHORIZED AMOUNT	2018 AUTHORIZATIONS			PRIORITY YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	CANCELLED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2018	
				CAPITAL IMPROVEMENT FUND	BONDS & NOTES AUTHORIZED BUT NOT ISSUED	UNFUNDED					FUNDED	UNFUNDED
02-19	Various Improvements	9/17/2002	\$ 239,700	\$ -	\$ -	\$ -	1,947	\$ 3,607	\$ -	\$ -	\$ 3,732	\$ -
03-16	Various Improvements	8/5/2003	621,361	11,565	-	11,565	19,093	19,042	51	-	11,565	-
04-16	Various Improvements	8/3/2004	278,875	15,476	-	15,476	-	-	-	-	15,476	-
05-22	Various Improvements	9/6/2005	1,679,975	9,905	-	9,905	-	-	-	-	9,905	-
06-20, 12-02	Various Improvements	3/20/2012	1,427,447	166,362	-	166,362	16,192	13,600	-	-	168,954	-
07-12	Various Improvements	8/7/2007	466,900	11,246	-	11,246	116,463	116,463	-	-	11,246	-
09-19	Various Improvements	10/20/2009	101,700	850	-	850	-	850	-	-	-	-
10-08	Various Improvements	8/29/2007	283,700	24,858	-	24,858	122,053	135,153	-	-	11,758	-
10-15, 12-03 11-21	Purchase of Various Equipment & Various Improvements	3/20/2012	1,020,505	-	-	54,274	-	-	-	-	-	54,274
12-04	Drainage Improvements at Powhatan Ave	10/20/2009	473,400	20,070	-	20,070	2,786	9,312	855	4,318	8,371	-
12-05	Replacement of Pumping Stations	3/20/2012	89,750	10	-	10	-	46,012	10	-	-	-
12-16	Various Improvements	8/21/2012	2,027,500	46,012	-	46,012	11,674	162	199	3,248	8,426	-
13-20	Various Improvements	11/19/2013	1,169,850	24,653	-	24,653	800	1,577	7,639	1,275	23,817	-
14-10	Various Improvements	9/2/2014	284,350	-	-	-	-	7,837	4,433	2,055	-	46,452
15-01	Repair of Sanitary Sewer Line	1/20/2015	122,500	6,125	-	6,125	91	113,033	-	-	-	9,467
15-19	Various Improvements	7/21/2015	589,500	-	-	-	7,328	9,636	-	2,176	-	7,260
16-08	Various Improvements	6/9/2016	1,006,500	-	-	-	341,202	257,155	1,813	30,961	-	199,532
17-10	Various Water & Sewer Improvements	3/21/2017	386,500	-	-	-	4,370	37,151	422	30	-	41,187
18-03	Various Improvements	3/6/2018	925,500	-	-	-	-	328,183	-	69,293	-	528,024
Total				\$ 342,524	\$ 476,534	\$ -	\$ 643,999	\$ 1,098,773	\$ 16,982	\$ 113,356	\$ 273,250	\$ 886,196

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT				
Water/Sewer Improvements	7/9/2010	\$ 4,980,000	7/14/2019	\$ 235,000	3.250%	\$ 3,550,000	\$ 230,000	\$ 3,320,000
			7/13/2020	250,000	3.250%			
			7/13/2021	250,000	3.250%			
			7/13/2022	260,000	3.250%			
			7/13/2023	280,000	3.500%			
			7/12/2024	295,000	4.000%			
			7/12/2025	320,000	4.000%			
			7/12/2026	320,000	4.000%			
			7/12/2027	350,000	4.000%			
			7/11/2028	380,000	4.000%			
	7/11/2029	380,000	4.000%					
Water/Sewer Improvements	11/15/2015	1,360,000	11/15/2019	150,000	4.000%	1,200,000.00	150,000	1,050,000
			11/15/2020	150,000	2.000%			
			11/15/2021	150,000	2.000%			
			11/15/2022	150,000	2.000%			
			11/15/2023	150,000	2.000%			
			11/15/2024	150,000	2.125%			
			11/15/2025	150,000	2.250%			
Total						\$ 4,750,000	\$ 380,000	\$ 4,370,000

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING 12/31/2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT				
Water/Sewer Improvements	5/21/2014	\$ 405,000	8/1/2019	\$ 15,000	5.000%	\$ 360,000	\$ 15,000	\$ 345,000
			8/1/2020	20,000	5.000%			
			8/1/2021	20,000	5.000%			
			8/1/2022	20,000	5.000%			
			8/1/2023	20,000	5.000%			
			8/1/2024	20,000	5.000%			
			8/1/2025	20,000	3.000%			
			8/1/2026	25,000	3.000%			
			8/1/2027	25,000	3.000%			
			8/1/2028	25,000	3.000%			
			8/1/2029	25,000	3.000%			
			8/1/2030	25,000	3.000%			
			8/1/2031	25,000	3.000%			
			8/1/2032	30,000	3.125%			
			8/1/2033	30,000	3.250%			
Total						\$ 360,000	\$ 15,000	\$ 345,000

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN
FOR THE YEAR ENDED DECEMBER 31, 2018**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31,		ISSUED	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT		2017	2018			
Water/Sewer Improvements	5/21/2014	\$ 405,000	2/1/2019	\$ 6,968.83	0.000%	\$	335,822	\$ -	\$ 75,237	260,585
			8/1/2019	13,937.66	0.000%					
			2/1/2020	6,968.83	0.000%					
			8/1/2020	13,937.66	0.000%					
			2/1/2021	6,968.83	0.000%					
			8/1/2021	13,937.66	0.000%					
			2/1/2022	6,968.83	0.000%					
			8/1/2022	13,937.66	0.000%					
			2/1/2023	6,968.83	0.000%					
			8/1/2023	13,937.66	0.000%					
			2/1/2024	6,968.83	0.000%					
			8/1/2024	13,937.66	0.000%					
			2/1/2025	6,968.83	0.000%					
			8/1/2025	13,937.66	0.000%					
			2/1/2026	6,968.83	0.000%					
			8/1/2026	13,937.66	0.000%					
			2/1/2027	6,968.83	0.000%					
			8/1/2027	13,937.66	0.000%					
			2/1/2028	6,968.83	0.000%					
			8/1/2028	13,937.66	0.000%					
			2/1/2029	6,968.83	0.000%					
			8/1/2029	13,937.66	0.000%					
			2/1/2030	6,968.83	0.000%					
			8/1/2030	13,937.66	0.000%					
			2/1/2031	6,968.83	0.000%					
			8/1/2031	2,738.67	0.000%					
Total						\$ 335,822	\$ -	\$ 75,237	\$ 260,585	

Paid By Budget Appropriations	\$	20,906
NJEIT Loan Forgiveness	\$	54,331
	\$	<u>75,237</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
10-15, 12-03	Various Improvements	1/22/15	1/12/18	1/11/19	1.700%	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
12-05	Replacement of Pumping Stations	1/22/15	1/12/18	1/11/19	1.700%	1,700,000	1,700,000	1,700,000	1,700,000
13-20	Various Improvements	1/22/15	1/12/18	1/11/19	1.700%	1,050,000	1,050,000	1,050,000	1,050,000
14-10	Various Improvements	1/22/15	1/12/18	1/11/19	1.700%	250,000	250,000	250,000	250,000
15-19	Various Improvements	1/22/15	1/12/18	1/11/19	1.700%	500,000	500,000	500,000	500,000
16-08	Various Improvements	1/22/15	1/12/18	1/11/19	1.700%	500,000	500,000	500,000	500,000
10-15, 12-03	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	69,480	-	69,480
13-20	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	61,357	-	61,357
14-10	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	20,133	-	20,133
15-01	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	116,375	-	116,375
15-19	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	60,025	-	60,025
16-08	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	456,175	-	456,175
17-10	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	367,100	-	367,100
18-03	Various Improvements	7/20/18	7/20/18	7/19/19	2.750%	-	349,355	-	349,355
						\$ 4,900,000	\$ 6,400,000	\$ 4,900,000	\$ 6,400,000

Excess Financing	
12-05	- Excess From NJEIT Funding
13-20	7,639 - From Cancelled Authorization
14-10	4,433 - From Cancelled Authorization
15-19	1,560 - From Cancelled Authorization
16-08	1,813 - From Cancelled Authorization
17-10	422 - From Cancelled Authorization
	<u>\$ 1,324,736</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, 2018**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	2018 AUTHORIZATIONS	BAN ISSUED	CANCELLED AUTHORIZATIONS	EXCESS FINANCING	BALANCE DECEMBER 31, 2018
10-15, 12-03	Various Improvements	\$ 69,480	\$ -	\$ 69,480	\$ -	\$ -	\$ -
13-20	Various Improvements	61,357	-	61,357	7,639	7,639	-
14-10	Various Improvements	20,133	-	20,133	4,433	4,433	-
15-01	Repair of Sanitary Sewer Line	116,375	-	116,375	-	-	-
15-19	Various Improvements	60,025	-	60,025	1,560	1,560	-
16-08	Various Improvements	456,175	-	456,175	1,813	1,813	-
17-10	Various Improvements	367,100	-	367,100	422	422	-
18-03	Various Improvements	-	879,000	349,355	-	-	529,645
		<u>\$ 1,150,645</u>	<u>\$ 879,000</u>	<u>\$ 1,500,000</u>	<u>\$ 15,867</u>	<u>\$ 15,867</u>	<u>\$ 529,645</u>

PAYROLL FUND

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EXHIBIT F-1

**BOROUGH OF POINT PLEASANT
PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 154,742
Increased by Receipts:	
Payroll	<u>10,462,548</u>
Subtotal	10,617,290
Decreased by Disbursements:	
Disbursements	<u>10,450,148</u>
Balance December 31, 2018	<u><u>\$ 167,142</u></u>

EXHIBIT F-2

**SCHEDULE OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Balance December 31, 2017	\$ 109,936
Increased by:	
Payroll Deductions	<u>10,450,148</u>
Subtotal	10,560,084
Decreased by:	
Disbursements	<u>10,437,900</u>
Balance December 31, 2018	<u><u>\$ 122,184</u></u>

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BOROUGH OF POINT PLEASANT

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

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**BOROUGH OF POINT PLEASANT
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

**BOROUGH OF POINT PLEASANT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

No Prior Year Findings.

BOROUGH OF POINT PLEASANT

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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 ended December 31, 2018.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2018.

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.

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.

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

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, 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 7, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED, by the Council of the Borough of Point Pleasant, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and

BE IT FURTHER RESOLVED, by the Council of the Borough of Point Pleasant, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

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

OTHER COMMENTS (FINDINGS):

None.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2018:

<u>Name</u>	<u>Title</u>
Robert A. Sabosik	Mayor
Joseph Furnato 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 R. Shah	Chief Financial Officer
Jennifer Burr	Tax Collector
James A. Liguori	Magistrate
Tracey McCrystal	Court Administrator

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
August 12, 2019