

**BOROUGH OF SEA GIRT**  
**COUNTY OF MONMOUTH**  
**DECEMBER 31, 2016**

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**ROBERT A. HULSART AND COMPANY**  
**Certified Public Accountants**

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**COUNTY OF MONMOUTH**  
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**BOROUGH OF SEA GIRT**

**COUNTY OF MONMOUTH**

**PART I**

**AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,**

**FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

# *Robert A. Hulsart and Company*

CERTIFIED PUBLIC ACCOUNTANTS

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 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
 of Borough Council  
 Borough of Sea Girt  
 County of Monmouth  
 Sea Girt, New Jersey 08750

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements - regulatory basis of the various funds and account groups of the Borough of Sea Girt (the "Borough"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related consolidated statement of revenues - regulatory basis and consolidated statement of expenditures - regulatory basis of the various funds for the year ended.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

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



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

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

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

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

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

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

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

### **Opinion**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2016 and 2015, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2016 on the basis of accounting described in Note 1.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2017 on our consideration of the Borough's internal control over financial reporting and 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 reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. 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 taken as a whole, on the basis of accounting described in Note 1.

  
Robert A. Hulsart and Company

Robert A. Hulsart  
Certified Public Accountant  
Registered Municipal Accountant  
R.M.A. Number 158

May 26, 2017

**BOROUGH OF SEA GIRT- COUNTY OF MONMOUTH**

4.

**BALANCE SHEET - CURRENT FUND****Exhibit A  
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31,**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash	A-4	\$ 5,596,271.83	4,834,797.80
Cash-Payroll		37,906.92	33,071.59
Petty Cash		100.00	100.00
Due From State of New Jersey-Senior Citizens and Veterans Deductions	A-6	4,260.90	4,022.65
		<u>5,638,539.65</u>	<u>4,871,992.04</u>
Receivables with Full Reserves:			
Property Taxes Receivable	A-5	176,930.77	203,865.76
Property Acquired for Taxes		3,200.00	3,200.00
Interfund-Dog Trust	B	1,629.24	2,033.46
Interfund-Flexible Spending Account	A		1,700.72
Revenue Accounts Receivable	A-7	3,081.98	7,522.90
	Contra	<u>184,841.99</u>	<u>218,322.84</u>
Deferred Charges:			
Emergency-NJSA 40:4-53	A-3	<u>52,000.00</u>	<u>112,286.00</u>
Total Current Fund		<u>5,875,381.64</u>	<u>5,202,600.88</u>
<b><u>Federal and State Grant Fund</u></b>			
Cash	A-4	44,169.13	37,433.96
Interfund-Current Fund	Contra	4,784.49	1,791.73
Grants Receivable	A-12		3,000.00
		<u>48,953.62</u>	<u>42,225.69</u>
Total Assets		<u>\$ 5,924,335.26</u>	<u>5,244,826.57</u>

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

BALANCE SHEET - CURRENT FUNDREGULATORY BASISDECEMBER 31,Exhibit A  
Sheet 2 of 2

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Liabilities:			
Appropriation Reserves	A-3,9	\$ 466,618.18	375,593.87
Encumbrances	A-3-9	390,188.81	306,621.03
Prepaid Taxes	A-4	249,062.14	192,247.56
Due State OF New Jersey		18,011.25	15,198.68
Added Taxes Due County	A-10	35,082.01	29,247.68
Various Reserves	A-7a	673,227.15	623,279.89
Payroll Taxes	A-2,4	37,559.46	33,071.59
Due To Grant Fund	A-2,4	4,784.49	1,791.73
Due To Library Trust	B	900.00	26,907.78
Accounts Payable	A-4	6,744.36	
School Taxes	A-11	1,329,218.26	1,285,831.26
Total Liabilities		3,211,396.11	2,889,791.07
Reserve for Receivables	Contra	184,841.99	218,322.84
Fund Balance	A-1	2,479,143.54	2,094,486.97
Total Current Fund		5,875,381.64	5,202,600.88
<b><u>Federal and State Grant Fund</u></b>			
Appropriation Reserves	A-13	48,953.62	42,225.69
		48,953.62	42,225.69
Total Liabilities, Reserves and Fund Balance		\$ 5,924,335.26	5,244,826.57

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

STATEMENT OF OPERATIONS AND CHANGEIN FUND BALANCE - CURRENT FUNDREGULATORY BASISDECEMBER 31

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 655,000.00	505,903.83
Miscellaneous Revenue Anticipated	A-2	676,614.64	697,541.68
Receipts from Current Taxes	A-2	16,143,372.48	15,950,996.10
Receipts from Delinquent Taxes	A-2	207,472.07	212,577.07
Non-Budget Revenue	A-2	99,922.79	98,915.00
Other Credits to Income:			
Payable Cancelled	A		1,361.00
FEMA	A	102,192.39	
Appropriations Cancelled	A-3	16,690.33	
Interfunds Liquidated	A		1,265.00
Appropriation Reserves Lapsed	A-8,9	401,891.78	444,780.41
Total Revenues		<u>18,303,156.48</u>	<u>17,913,340.09</u>
<b><u>Expenditures</u></b>			
Budget Appropriations:			
Within Caps:			
Operations:			
Salaries and Wages	A-3	2,416,954.90	2,407,998.00
Other Expenses	A-3	2,024,780.00	1,947,960.67
Deferred Charges and Statutory Expenditures	A-3	630,161.00	613,815.00
Excluded from Caps:			
Operations:			
Salaries and Wages	A-3	35,664.75	26,010.00
Other Expenses	A-3	285,417.26	275,457.46
Capital Improvements	A-3	85,000.00	105,013.27
Debt Service	A-3	501,540.00	480,700.00
Deferred Charges	A-3	60,286.00	60,286.00
County Taxes	A-10	6,798,870.00	6,693,680.52
Local District School Taxes	A-11	4,424,826.00	4,338,065.00
Other	A		5,909.76
Total Expenditures		<u>17,263,499.91</u>	<u>16,954,895.68</u>

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

**BOROUGH OF SEA GIRT- COUNTY OF MONMOUTH****STATEMENT OF OPERATIONS AND CHANGE****Exhibit A-1****Sheet 2 of 2****IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Excess in Revenue		1,039,656.57	958,444.41
Fund Balance January 1	A	2,094,486.97	1,641,946.39
		3,134,143.54	2,600,390.80
Decreased by:			
Utilized as Anticipated Revenue	A-2	655,000.00	505,903.83
Fund Balance December 31	A	<u>\$ 2,479,143.54</u>	<u>2,094,486.97</u>

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

Exhibit A-2

8.

Sheet 1 of 2

**CURRENT FUND****STATEMENT OF REVENUES - DECEMBER 31, 2016****REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Anticipated Revenue</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Surplus Anticipated	A-1	\$ 655,000.00	655,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-7	7,000.00	10,663.94	3,663.94
Other	A-7	60,000.00	69,413.28	9,413.28
Fines and Costs:	A-7			
Municipal Court	A-7	85,000.00	158,296.21	73,296.21
Interest and Costs on Taxes	A-4	35,000.00	43,646.65	8,646.65
Interest on Investments	A-7	4,000.00	13,919.55	9,919.55
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	A-7	196,340.00	196,340.00	-
Uniform Construction Code Fees	A-7	70,000.00	111,323.00	41,323.00
Reserve For Library Donation	A-7	61,200.00	62,100.00	900.00
Clean Communities	A-12	8,865.08	8,865.08	-
Alcohol Education & Rehabilitation Fund	A-12	664.75	664.75	-
Body Armor - Police	A-12	1,382.18	1,382.18	-
Total Miscellaneous Revenues	A-1	529,452.01	676,614.64	147,162.63
Receipts From Delinquent Taxes	A-1	130,000.00	207,472.02	77,472.02
		1,314,452.01	1,539,086.66	224,634.65
Amount to be Raised by Local Taxes for Support of Municipal Budget	A-2	5,042,520.74	5,236,845.32	194,324.58
Total General Revenues		\$ 6,356,972.75	6,775,931.98	418,959.23
Non-Budget Revenue	A-2		99,922.79	
			\$ 6,875,854.77	

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**Exhibit A-2**  
**Sheet 2 of 2**

9.

**CURRENT FUND**

**STATEMENT OF REVENUES - DECEMBER 31, 2016**

**REGULATORY BASIS**

	<u>Ref.</u>	
<b><u>Current Tax Collections</u></b>		
Allocation of Current Collections:		
Revenue from Collections	A-5	\$ 16,143,372.48
Less: Allocated to School and County Taxes	A-5	<u>11,223,696.00</u>
		4,919,676.48
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>317,168.84</u>
		<u>\$ 5,236,845.32</u>
<hr/>		
<b><u>Miscellaneous Revenue Not Anticipated</u></b>		
Revenue Accounts Receivable	A-7	\$ 73,747.13
Other	A-4	<u>26,175.66</u>
	A-1	<u>\$ 99,922.79</u>

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



**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2016**

**REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>GENERAL GOVERNMENT</b>					
Administrative and Executive					
Salaries and Wages	\$ 100,520.00	89,520.00	51,986.88	37,533.12	
Other Expenses	5,150.00	5,150.00	3,975.04	1,174.96	
Mayor and Council					
Salaries and Wages	25,600.00	25,600.00	25,500.24	99.76	
Other Expenses	500.00	500.00	430.15	69.85	
Municipal Clerk					
Salaries and Wages	66,856.10	67,856.10	67,298.06	558.04	
Other Expenses	62,700.00	62,700.00	56,553.11	6,146.89	
Financial Administration					
Salaries and Wages	58,262.40	58,262.40	45,737.58	12,524.82	
Other Expenses	5,000.00	5,000.00	4,997.17	2.83	
Auditing Services					
Other Expenses	20,000.00	20,000.00	20,000.00	-	
Tax Assessment Administration					
Salaries and Wages	53,060.40	53,060.40	46,995.24	6,065.16	
Other Expenses	2,000.00	2,000.00	1,051.53	948.47	
Revenue Administration - Tax Collector					
Salaries and Wages	18,000.00	18,000.00	15,419.95	2,580.05	
Other Expenses	8,400.00	8,400.00	6,994.95	1,405.05	
Legal Services					
Other Expenses	200,000.00	330,000.00	262,629.49	67,370.51	
Engineering Services					
Other Expenses	70,000.00	30,000.00	26,862.50	3,137.50	

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	3,000.00	3,000.00	2,999.89	0.11	
Other Expenses	41,100.00	26,100.00	11,790.18	14,309.82	
<u>Insurance</u>					
Group Plan for Employees	640,460.00	542,960.00	530,483.80	12,476.20	
Group Plan for Employees-Opt Out Payments	22,500.00	16,500.00	13,500.00	3,000.00	
General Liability	85,690.00	85,690.00	85,332.23	357.77	
Workmen's Compensation	99,900.00	99,900.00	99,900.00	-	
<u>Public Safety</u>					
Police					
Salaries and Wages	1,224,745.00	1,249,745.00	1,208,474.09	41,270.91	
Other Expenses	121,150.00	121,150.00	111,266.38	9,883.62	
County of Monmouth-911 Services					
Other Expenses	4,105.00	105.00		105.00	
Office of Emergency Management					
Salaries and Wages	4,500.00	4,500.00	4,500.00	-	
Other Expenses	3,790.00	4,290.00	1,177.82	3,112.18	
First Aid Organization					
Other Expenses	25,000.00	25,000.00	25,000.00	-	
Fire Department					
Other Expenses	39,215.00	39,215.00	38,213.83	1,001.17	
Municipal Court					
Salaries and Wages	15,750.00	15,750.00	15,300.00	450.00	
Other Expenses	16,320.00	16,320.00	13,211.67	3,108.33	
Public Defender					
Salaries and Wages	1,250.00	1,250.00	1,250.00		

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2016**

**REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>Public Works</b>					
Other Public Works Functions					
Salaries and Wages	632,000.00	644,000.00	588,016.72	55,983.28	
Other Expenses	73,650.00	98,650.00	74,933.12	23,716.88	
Vehicle Maintenance					
Salaries and Wages	65,129.00	65,129.00	65,129.00	-	
Other Expenses	35,000.00	40,000.00	37,400.55	2,599.45	
Public Buildings					
Other Expenses	15,000.00	15,000.00	13,908.73	1,091.27	
Shade Tree Commission					
Other Expenses	19,000.00	19,000.00	16,223.00	2,777.00	
Snow Removal					
Salaries and Wages	20,000.00	20,000.00	19,336.50	663.50	
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Property Maintenance Code Official					
Salaries and Wages	75,727.00	75,727.00	75,356.01	370.99	
<b>Health and Human Services</b>					
Public Health Priorities Funding Act of 1977 - Contractual	36,000.00	36,000.00	34,692.00	1,308.00	
<b>Parks and Recreation</b>					
Recreation Services and Programs					
Salaries and Wages	23,260.00	23,260.00	21,387.26	1,872.74	
Other Expenses	9,000.00	9,000.00	6,901.24	2,098.76	
Accumulated Leave Compensation					
Salaries and Wages	50,000.00	50,000.00	50,000.00	-	

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2016

REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Celebration of Public Events, Anniversary or Holiday					
Other Expenses	6,000.00	6,000.00	5,997.08	2.92	
Utility Expenses and Bulk Purchases:					
Electricity	30,000.00	30,000.00	19,182.13	10,817.87	
Street Lighting	29,500.00	29,500.00	29,468.60	31.40	
Telephone	35,900.00	35,900.00	23,257.87	12,642.13	
Water	18,000.00	18,000.00	17,994.00	6.00	
Gas-Natural	15,000.00	15,000.00	11,852.72	3,147.28	
Gasoline	89,250.00	89,250.00	83,447.50	5,802.50	
Landfill/Solid Waste Disposal Costs-Tipping Fees	70,000.00	70,000.00	58,292.44	11,707.56	
<u>Uniform Construction Code - Appropriations</u>					
<u>Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Unclassified:					
Life Hazard Fire Safety Fees:					
Code Official	2,295.00	2,295.00	2,070.64	224.36	
Salaries and Wages	2,500.00	2,500.00	2,239.22	260.78	
Other Expenses					
Total Operations Within Caps	4,406,734.90	4,431,734.90	4,065,918.11	365,816.79	-
Contingent	10,000.00	10,000.00		10,000.00	
Total Operations Including Contingent Within "Caps"	4,416,734.90	4,441,734.90	4,065,918.11	375,816.79	-

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2016REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>Deferred Charges and Statutory Expenditures - Municipal Within "Caps"</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	157,492.00	157,492.00	157,492.00	-	
Police & Firemen's Retirement System	265,669.00	265,669.00	265,669.00	-	
Social Security System (O.A.S.I.)	189,500.00	189,500.00	132,165.65	57,334.35	
Unemployment Insurance	36,000.00	11,000.00	5,000.00	6,000.00	
Defined Contribution Retirement Program	6,500.00	6,500.00	4,419.91	2,080.09	
Total Deferred Charges and Statutory Expenditures	655,161.00	630,161.00	564,746.56	65,414.44	-
Total General Appropriations for Municipal Purposes Within Caps	5,071,895.90	5,071,895.90	4,630,664.67	441,231.23	-
<u>Operations Excluded from "Caps"</u>					
Group Health Insurance	9,540.00	9,540.00	9,540.00	-	
L.O.S.A.P. - Contribution	1,000.00	1,000.00	1,000.00	-	
Total Operations Excluded from "Caps"	10,540.00	10,540.00	10,540.00	-	-
<u>Interlocal Municipal Service Agreements</u>					
Borough of Manasquan					
Community Alliance for Drugs and Alcohol	6,220.00	6,220.00	4,089.33	2,130.67	
Wall Township - Municipal Court Services	67,000.00	67,000.00	58,366.00	8,634.00	
Regional Construction Code Enforcement Department					
Other Expenses	75,000.00	75,000.00	71,407.20	3,592.80	
County of Monmouth-Dispatch Services					
Other Expenses	90,210.00	90,210.00	90,208.15		1.85
Total Interlocal Municipal Service Agreements	238,430.00	238,430.00	224,070.68	14,357.47	1.85
<u>Additional Appropriations Offset By Revenues</u>					
Expenses of Participation in Free County Library					
Salaries and Wages	35,000.00	35,000.00	28,972.37	6,027.63	
Other Expenses	16,200.00	16,200.00	11,198.15	5,001.85	
Capital	10,000.00	10,000.00	10,000.00	-	
Total Additional Appropriations Offset By Revenues	61,200.00	61,200.00	50,170.52	11,029.48	

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2016**

**REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>Public and Private Programs Offset by Revenues</b>					
Alcohol Education and Rehabilitation	664.75	664.75	664.75		
Other Expenses	1,382.18	1,382.18	1,382.18		
Body Armor - Other Expenses	8,865.08	8,865.08	8,865.08		
Clean Communities - Other Expenses	10,912.01	10,912.01	10,912.01		
Total Public and Private Programs Offset by Revenues	321,082.01	321,082.01	295,693.21	25,386.95	1.85
Total Operations Excluded from "Caps"					
<b>Capital Improvements Excluded from "Caps"</b>					
Capital Improvement Fund	85,000.00	85,000.00	85,000.00		
Total Capital Improvements Excluded from "Caps"	85,000.00	85,000.00	85,000.00		
<b>Municipal Debt Service - Excluded from "Caps"</b>					
Payment of Bond Principal	190,000.00	190,000.00	190,000.00		16,469.98
Interest on Bonds	82,450.00	82,450.00	65,980.02		
Payment of Bond Anticipation Notes	214,500.00	214,500.00	214,500.00		218.50
Interest on Notes	14,590.00	14,590.00	14,371.50		16,688.48
Total Municipal Debt Service Excluded from "Caps"	501,540.00	501,540.00	484,851.52		
<b>Deferred Charges: Municipal-Excluded From "Caps"</b>					
Special Emergency Authorizations (N.J.A. 40A:4-45)	60,286.00	60,286.00	60,286.00		
Total Deferred Charges-Municipal-Excluded From "Caps"	60,286.00	60,286.00	60,286.00		
Total General Appropriations for Municipal Purposes Excluded from "Caps"	967,908.01	967,908.01	925,830.73	25,386.95	16,690.33
Sub-Total General Appropriations	6,039,803.91	6,039,803.91	5,556,495.40	466,618.18	16,690.33
Reserve for Uncollected Taxes	317,168.84	317,168.84	317,168.84		
Ref.	\$ 6,356,972.75	6,356,972.75	5,873,664.24	466,618.18	16,690.33
	A-1	A-1		A	A-1

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2016**

**REGULATORY BASIS**

<u>Analysis of Paid or Charged</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Disbursed	A-4			\$ 5,106,020.59		
Federal and State Grants	A-13			10,912.01		
Emergencies	A			60,286.00		
Encumbrances	A-9			390,188.81		
Reserved for Uncollected Taxes	A-2			317,168.84		
				<u>\$ 5,873,664.24</u>		

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

BALANCE SHEET - TRUST FUNDREGULATORY BASISDECEMBER 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Dog License Fund			
Cash	B-1	\$ 5,006.24	5,475.80
		<u>5,006.24</u>	<u>5,475.80</u>
Other Funds:			
Cash	B-1	1,004,739.84	1,240,018.94
FSA Contributions Receivable	B-11	-	633.67
Due From Current Fund	A	900.00	26,907.78
		<u>1,005,639.84</u>	<u>1,267,560.39</u>
Total Assets		<u>\$ 1,010,646.08</u>	<u>1,273,036.19</u>
<u>Liabilities and Reserves</u>			
Dog License Fund:			
Reserve for:			
Due to Current Fund	B-2	\$ 1,629.24	2,033.46
Dog Fund Expenditures	B-2	3,377.00	3,442.34
		<u>5,006.24</u>	<u>5,475.80</u>
Other Funds:			
Due to Current Fund	B-11	\$ -	1,700.72
Reserve for:			
Law Enforcement Trust	B-4	768.51	766.60
Deferred Sick Leave	B-5	245.46	90,923.44
Unemployment	B-7	72,040.79	63,261.76
Police Escrow	B-8	759.70	757.88
Library Trust Fund	B-9	450,454.96	506,476.90
Recreation	B-10	167,309.86	137,974.83
Flexible Spending Account	B-11	1,164.57	98.39
Various Reserves	B-6	312,895.99	465,599.87
		<u>1,005,639.84</u>	<u>1,267,560.39</u>
Total Liabilities and Reserves		<u>\$ 1,010,646.08</u>	<u>1,273,036.19</u>



**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****BALANCE SHEET - GENERAL CAPITAL FUND****Exhibit C****DECEMBER 31,****REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Assets</u></b>			
Cash - Checking	C-2	\$ 2,443,160.64	1,955,551.65
Grants Receivable		55,000.00	55,000.00
Deferred Charges to Future Taxation			
Funded		2,550,000.00	2,740,000.00
Unfunded	C-4	2,659,070.08	1,931,675.00
		<u>5,264,070.08</u>	<u>4,726,675.00</u>
Total Assets		<u>\$ 7,707,230.72</u>	<u>6,682,226.65</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
General Serial Bonds	C-7	\$ 2,550,000.00	2,740,000.00
Bond Anticipation Notes	C-8	2,867,650.00	2,145,000.00
Capital Improvement Fund	C-5	69,243.19	95,593.19
Interfund Due Current	C-3		501.86
Reserve to Pay Bond Anticipation Notes	C-3	230,937.34	240,924.84
Encumbrances	C-6	527,119.10	212,715.90
Improvement Authorizations:			
Funded	C-6	1,784.90	71,717.00
Unfunded	C-6	1,358,949.36	1,074,227.03
Fund Balance	C-1	<u>101,546.83</u>	<u>101,546.83</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,707,230.72</u>	<u>6,682,226.65</u>

There were Bonds and Notes authorized but not issued on December 31, 2016 for \$925.00 and on December 31, 2015 for \$925.00 (Exhibit C-9).

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

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	
	C	
Balance December 31, 2015 and 2016		<u>\$ 101,546.83</u>

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D  
Sheet 1 of 2****DECEMBER 31,****REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Assets</u></b>			
<b><u>Operating Fund</u></b>			
Cash	D-4	\$ 1,001,547.19	831,190.19
Accounts Receivable:			
Interfund Water Sewer Capital	Contra	301,812.65	460,858.08
Consumer Accounts Receivable	D-6	93,442.23	103,269.07
Total Operating Fund		1,396,802.07	1,395,317.34
<b><u>Capital Fund</u></b>			
Cash	D-4	1,408,774.16	417,195.02
Fixed Capital	D-10	3,468,686.50	3,468,686.50
Fixed Capital Authorized and Uncompleted	D-13	11,966,097.96	
Interfund General Capital			14,902,433.68
		15,434,784.46	18,371,120.18
Total Capital Fund		16,843,558.62	18,788,315.20
Total Assets		\$ 18,240,360.69	20,183,632.54

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D**  
**Sheet 2 of 2****DECEMBER 31,****REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Operating Fund</u></b>			
Liabilities:			
Appropriation Reserves	D-3	\$ 130,486.27	152,508.61
Encumbrances	D-3	37,185.89	15,263.65
Accrued Interest on Bonds	D-9	33,976.73	33,976.73
		<u>201,648.89</u>	<u>201,748.99</u>
Reserve for Receivables		93,442.23	103,269.07
Fund Balance	D-1	1,101,710.95	1,090,299.28
Total Operating Fund		<u>1,396,802.07</u>	<u>1,395,317.34</u>
<b><u>Capital Fund</u></b>			
Serial Bonds	D-15	970,000.00	1,015,000.00
Bond Anticipation Notes	D-17	1,198,500.00	870,000.00
Loan State of New Jersey	D-15	3,893,876.76	2,944,003.00
Interfund Water Sewer Operating	Contra	301,812.65	460,858.08
Improvement Authorizations:			
Funded	D-12	99,458.01	188,117.35
Unfunded	D-12	1,787,670.20	5,171,977.32
Reserve to Pay Debt	D-4	388,826.13	5,500.00
Capital Improvement Fund	D-11	197,900.00	95,000.00
Encumbrances			2,393,070.25
Reserve for Amortization	D-14	2,900,141.09	3,058,686.50
Deferred Reserve for Amortization	D-8	5,097,215.66	2,577,944.58
Fund Balance	D-a	8,158.12	8,158.12
Total Capital Fund		<u>16,843,558.62</u>	<u>18,788,315.20</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 18,240,360.69</u>	<u>20,183,632.54</u>

There were Bonds and Notes authorized but not issued on December 31, 2015 of \$7,803,044.43 and \$1,886,415.00 at December 31, 2016 (Exhibit D-16).

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

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-a

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Balance December 31, 2015 and 2016	<u>Ref.</u> D	<u>\$ 8,158.12</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****Exhibit D-1****WATER-SEWER UTILITY OPERATING FUND****STATEMENT OF OPERATIONS AND****CHANGES IN FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b><u>Revenue and Other Income Realized</u></b>			
Operating Surplus Anticipated	D-2	\$ 361,002.43	314,425.00
Water-Sewer Fees	D-2	1,673,466.67	1,669,921.15
Miscellaneous Revenue Not Anticipated	D-2	34,427.36	25,824.50
Other Credits to Income:			
Appropriations Cancelled	A-3	95.92	5,750.00
Appropriation Reserves Lapsed	D-7	154,424.15	82,139.08
		<u>2,223,416.53</u>	<u>2,098,059.73</u>
<b><u>Expenditures</u></b>			
Operating:			
Salaries and Wages	D-3	315,000.00	315,000.00
Other Expenses	D-3	346,550.00	327,550.00
Payment to South Monmouth Regional Sewerage Authority	D-3	271,675.00	256,000.00
N.J. Water Supply Authority	D-3	80,000.00	116,750.00
Treatment of Water	D-3	35,000.00	35,000.00
Capital Improvement Fund	D-5	150,000.00	125,000.00
Debt Service	D-3	463,732.00	360,922.28
Deferred Charges and Statutory Expenditures	D-3	189,045.43	264,735.00
		<u>1,851,002.43</u>	<u>1,800,957.28</u>
Excess Revenue		372,414.10	297,102.45
Fund Balance January 1	D	<u>1,090,299.28</u>	<u>1,107,621.83</u>
		1,462,713.38	1,404,724.28
Decreased by:			
Anticipated as Current Year Revenue	D-2	<u>361,002.43</u>	<u>314,425.00</u>
Fund Balance December 31	D	<u>\$ 1,101,710.95</u>	<u>1,090,299.28</u>

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****WATER-SEWER UTILITY OPERATING FUND****Exhibit D-2****STATEMENT OF REVENUES - YEAR 2016****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 361,002.43	361,002.43	
Rents - Water	D-1	935,000.00	1,114,053.76	179,053.76
Rents - Sewer	D-1,4	955,000.00	559,412.91	(395,587.09)
Miscellaneous	D-1		34,427.36	34,427.36
		<u>\$ 2,251,002.43</u>	<u>2,068,896.46</u>	<u>(182,105.97)</u>

**Analysis of Miscellaneous Revenue**

Interest & Costs on Delinquent Accounts	\$ 2,240.85
Water And Sewer Taps	25,300.00
Interest on Investments	3,886.51
Disconnect Fees	3,000.00
	<u>\$ 34,427.36</u>

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

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**WATER-SEWER OPERATION FUND**

Exhibit D-3

**STATEMENT OF EXPENDITURES - YEAR 2016**

**REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 315,000.00	315,000.00	282,123.64	32,876.36	
Other Expenses	311,550.00	303,050.00	240,840.28	62,209.72	
Other Expenses					
Legal & Engineering	35,000.00	43,500.00	43,271.25	228.75	
Payments to South Monmouth Regional Sewerage Authority	27,167.00	271,675.00	271,670.84		4.16
N.J. Water Supply Authority-MCIA	80,000.00	80,000.00	71,499.56	8,500.44	
S.E.M.M.U.A.	35,000.00	35,000.00	15,803.62	19,196.38	
Capital Improvements:					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Debt Service:					
Payment of Bond Principal	264,712.00	264,712.00	264,711.24		0.76
Payment of Notes	106,100.00	106,100.00	106,100.00		
Interest on Bonds	87,000.00	87,000.00	87,000.00		
Interest on Notes	5,920.00	5,920.00	5,929.00		91.00
Deferred Charges:					
Funding of Ordinances:					
#07-08/924	54,216.73	54,216.73	54,216.73		
#938	4,585.70	4,585.70	4,585.70		
#839	26,125.00	26,125.00	26,125.00		
#601/949	74,118.00	74,118.00	74,118.00		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	30,000.00	30,000.00	22,525.38	7,474.62	
Total Water-Sewer Utility Appropriations	\$ 1,606,494.43	1,851,002.43	1,720,420.24	130,486.27	95.92
	Ref.	D-1	D	D	D-1
Disbursed			\$ 1,524,188.92		
Deferred Charges	D-4		159,045.43		
Encumbrances	D-9		37,185.89		
	D				
			\$ 1,720,420.24		

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



**BALANCE SHEET - DEDICATED BEACH UTILITY****REGULATORY BASIS****DECEMBER 31,**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Assets</u></b>			
<b><u>Operating Fund</u></b>			
Cash	E-4	\$ 554,537.79	361,008.41
Interfund Beach Capital	E-4		96.24
Total Operating Fund		<u>554,537.79</u>	<u>361,104.65</u>
<b><u>Capital Fund</u></b>			
Cash	E-4	89,100.67	62,063.71
Interfund Beach Operating	Contra	40,866.23	
Fixed Capital		3,101,958.38	3,101,958.38
Fixed Capital-Authorized and Uncompleted	E-8	<u>2,299,000.00</u>	<u>2,299,000.00</u>
Total Capital Fund		<u>5,530,925.28</u>	<u>5,463,022.09</u>
Total Assets		<u>\$ 6,085,463.07</u>	<u>5,824,126.74</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Operating Fund</u></b>			
Appropriation Reserves	E-3,6	\$ 141,725.21	113,074.56
Encumbrances	E-3	56,714.51	11,437.13
Interfund Beach Capital	Contra	40,866.23	
Reserve For Concession Stand	E-4		20,132.50
Reserve for Donation	E-4	5,814.45	5,814.45
Accounts Payable	E-4		173.04
Reserve For Beach Equipment	E-4	603.56	603.56
Fund Balance	E-1	<u>308,813.83</u>	<u>209,869.41</u>
Total Operating Fund		<u>554,537.79</u>	<u>361,104.65</u>
<b><u>Capital Fund</u></b>			
Interfund Beach Operating	E-5		96.24
Encumbrances	E-5		900.00
Improvement Authorizations:			
Funded	E-7	5,935.17	5,035.17
Unfunded	E-7	3,620.03	6,505.03
Capital Improvement Fund	E-9	38,000.00	8,000.00
Reserve to Pay Bonds and Notes	E-10	38,589.81	38,589.81
Reserve for Deferred Amortization		11,977.50	11,977.50
Reserve for Amortization	E-11	5,358,612.81	5,317,728.38
Fund Balance	E-a	<u>74,189.96</u>	<u>74,189.96</u>
Total Capital Fund		<u>5,530,925.28</u>	<u>5,463,022.09</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 6,085,463.07</u>	<u>5,824,126.74</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$71,252.50 and \$30,290.03 at December 31, 2016. (Exhibit E-12)

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

BEACH UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE

Exhibit E-a

REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015 and 2016	E	\$ <u>74,189.96</u>

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

DEDICATED BEACH UTILITY

Exhibit E-1

STATEMENT OF OPERATIONS AND  
CHANGE IN OPERATING FUND BALANCE  
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<b><u>Revenue and Other Income Realized</u></b>			
Operating Fund Balance Anticipated	E-2	\$ 122,227.47	152,665.00
Beach Fees	E-2	1,071,270.00	1,080,322.00
Concession Rents	E-2	80,530.00	78,949.00
Lifeguard NGTC	E-2	46,093.80	45,932.05
Miscellaneous Revenue	E-4	3,872.05	4,225.28
Other Credits to Income:			
Interfunds Received			89.15
Appropriations Cancelled	E-3	0.81	255.00
Appropriation Reserves Lapsed	E-6	121,405.23	25,145.50
		<u>1,445,399.36</u>	<u>1,387,582.98</u>
<b><u>Expenditures</u></b>			
Operating:			
Salaries and Wages	E-3	725,000.00	684,000.00
Other Expenses	E-3	290,850.00	259,350.00
Capital Improvements	E-3	25,000.00	31,000.00
Debt Service	E-3	84,100.00	227,000.00
Deferred Charges	E-3	40,962.47	
Statutory Expenditures	E-3	58,315.00	58,315.00
		<u>1,224,227.47</u>	<u>1,259,665.00</u>
Excess in Revenue		221,171.89	127,917.98
Fund Balance January 1	E	<u>209,869.41</u>	<u>234,616.43</u>
		431,041.30	362,534.41
Decreased by:			
Utilized as Anticipated Revenue	E-2	<u>122,227.47</u>	<u>152,665.00</u>
Fund Balance December 31	E	<u>\$ 308,813.83</u>	<u>209,869.41</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHDEDICATED BEACH UTILITY

Exhibit E-2

STATEMENT OF REVENUES - 2016REGULATORY BASIS

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Operating Surplus Anticipated	E-1	\$ 122,227.47	122,227.47	
Beach Fees	E-1	985,000.00	1,071,270.00	86,270.00
Concession Rents	E-1	72,000.00	80,530.00	8,530.00
Lifeguard NGTC	E-1	45,000.00	46,093.80	1,093.80
Miscellaneous	E-1		3,872.05	3,872.05
		<u>\$ 1,179,227.47</u>	<u>1,323,993.32</u>	<u>94,800.00</u>

## Analysis of Miscellaneous:

Kayak Receipts	\$ 3,200.00
Other	672.05
	<u>\$ 3,872.05</u>

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

BOROUGH OF SEAGIRT - COUNTY OF MONMOUTH

Exhibit E-3

DEDICATED BEACH UTILITYSTATEMENT OF EXPENDITURES - 2016REGULATORY BASIS

	Adopted Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 725,000.00	725,000.00	681,132.20	43,867.80	
Other Expenses	290,850.00	290,850.00	231,248.64	59,600.55	0.81
Capital Improvements:					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	
Capital Outlay	84,100.00	84,100.00	62,280.54	21,819.46	
Deferred Charges:					
Ordinances Funded:					
873	17,525.00	17,525.00	17,525.00	-	
925	170.00	170.00	170.00	-	
2007-09	1,650.00	1,650.00	1,650.00	-	
2009-07	19,807.70	19,807.70	19,807.70	-	
113-01	1,809.77	1,809.77	1,809.77	-	
Statutory Expenditures:					
Social Security	58,315.00	58,315.00	41,877.60	16,437.40	
Total Beach Utility Appropriations	<u>\$ 1,224,227.47</u>	<u>1,224,227.47</u>	<u>1,082,501.45</u>	<u>141,725.21</u>	<u>0.81</u>
	Ref.	E		E	E-I
Cash Disbursed	Ref.		\$ 984,824.47		
Ordinances Funded	E-4		40,962.47		
Encumbrances	E		56,714.51		
	E-14		<u>\$ 1,082,501.45</u>		

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

**BALANCE SHEET - FIXED ASSETS****Exhibit F****DECEMBER 31,****REGULATORY BASIS**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Assets</u></b>		
General Fixed Assets:		
Land	\$ 24,629,527.00	24,629,527.00
Buildings and Improvements	5,090,673.00	5,090,673.00
Machinery and Equipment	4,252,040.39	3,931,165.51
Total Assets	<b><u>\$ 33,972,240.39</u></b>	<b><u>33,651,365.51</u></b>
<b><u>Reserves</u></b>		
Reserve for Fixed Assets	<b><u>\$ 33,972,240.39</u></b>	<b><u>33,651,365.51</u></b>

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

**BOROUGH OF SEA GIRT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Except as noted below, the financial statements of the Borough of Sea Girt, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Sea Girt as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid Organization or Volunteer Fire Company, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2016.

**B. Description of Funds**

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

**Current Fund** – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

**General Capital Fund** – receipt and disbursement of funds for the acquisition of general capital facilities, other than those required in the Current Fund.

**Water Operating and Capital Funds** – account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

**Beach Operating and Capital Funds** – account for the operations and acquisition of capital facilities of the municipally owned Beach Utility.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Description of Funds (Continued)

**Public Assistance Fund** – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

**General Fixed Assets** – record fixed assets.

**Grant Funds** – record Federal and State grants.

### C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

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

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

**Expenditures** – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Foreclosed Property** – Foreclosed property is recorded in the Current Fund as the assessed valuation when such property was acquired and is fully reserved.

**Interfunds** – Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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



## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **C. Basis of Accounting (Continued)**

**Net Pension Liability** – New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

**General Fixed Assets** – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

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

No depreciation has been provided for in the financial statements.

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

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

### **Utility Fixed Assets**

Accounting for utility fund "fixed capital" remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund and the Beach Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

### **D. Financial Statements**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****E. Budgets and Budgetary Accounting**

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

**NOTE 2: DEBT**

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

**Summary of Municipal Debt**

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 5,417,650.00	4,885,000.00	4,080,000.00
Water-Sewer Utility, Beach Utility:			
Bonds, Notes and Loans	6,062,376.76	4,829,003.00	4,218,227.19
Beach Utility:			
Bonds and Notes			224,500.00
Total Issued	<u>11,480,026.76</u>	<u>9,714,003.00</u>	<u>8,522,727.19</u>
Less:			
Funds on Hand to Pay Bonds, Notes & Loans	<u>658,353.28</u>	<u>447,334.40</u>	<u>430,833.64</u>
Net Debt Issued	<u>10,821,673.48</u>	<u>9,266,668.60</u>	<u>8,091,893.55</u>
<b><u>Authorized But Not Issued</u></b>			
General:			
Bonds and Notes	925.00	925.00	500.00
Water-Sewer Utility:			
Bonds and Notes	1,886,415.00	7,803,044.43	3,597,044.43
Beach Utility:			
Bonds and Notes	<u>30,290.03</u>	<u>71,252.50</u>	<u>71,252.50</u>
Total Authorized but not Issued	<u>1,917,630.03</u>	<u>7,875,221.93</u>	<u>3,668,796.93</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 12,739,303.51</u>	<u>17,141,890.53</u>	<u>11,760,690.48</u>

**NOTE 2: DEBT (CONTINUED)****A. Long-Term Debt**

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

**General Capital Fund**

General Capital General Improvements Serial Bonds Issued  
December 19, 2012 through December 19, 2027 – 2% to 4.00% \$ 2,550,000.00

**Water-Sewer Utility Capital Fund**

Variable Rate General Improvements Serial Bonds Issued  
December 19, 2012 Due through December 19, 2032 2.5% to 4% \$ 970,000.00  
Improvement Loan Dated November 9, 2006 at No Interest Maturing  
August 1, 2017 through August 1, 2026 942,277.74  
Improvement Loan Dated November 9, 2006 at Variable Rates of  
4% to 5%, Maturing August 1, 2017 through August 1, 2026 1,160,000.00  
Improvement Loan Dated December 20, 2010 at No Interest Maturing  
August 1, 2017 through August 1, 2030 302,014.02  
Improvement Loan Dated December 20, 2010 at a rate of 5% Maturing  
August 1, 2017 through August 1, 2030 320,000.00  
Improvement Loan Dated December 22, 2016 at Variable Rates of  
3% to 5% Maturing August 1, 2018 through August 1, 2036 355,000.00  
Improvement Loan Dated December 22, 2016 at No Interest Maturing  
August 1, 2017 through August 1, 2036 1,090,602.00  
  
\$ 5,139,893.76

**Summary of Statutory Debt Condition – Annual Debt Statement – December 31, 2016**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.232%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Sewer and Beach Utility debt	\$ 7,979,081.79	7,979,081.79	
General Debt	<u>5,418,575.00</u>		<u>5,418,575.00</u>
	<u>\$ 13,397,656.79</u>	<u>7,979,081.79</u>	<u>5,418,575.00</u>

Net Debt \$5,418,175.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,  
\$2,238,754,554 = 0.232%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 78,356,409.00
Net Debt	<u>5,418,575.00</u>
Remaining Borrowing Power	<u>\$ 72,937,834.00</u>

**NOTE 2: DEBT (CONTINUED)****A. Long-Term Debt****Schedule of Annual Debt Service for Principal and Interest for Bonded Debt  
Issued and Outstanding**

<u>Calendar Year</u>	<u>General</u>		<u>Beach, Pool and Water-Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 195,000.00	77,700.00	45,000.00	28,862.50
2018	200,000.00	71,850.00	50,000.00	27,512.50
2019	210,000.00	65,850.00	50,000.00	26,012.50
2020	215,000.00	59,550.00	50,000.00	24,512.50
2021	220,000.00	50,950.00	55,000.00	22,512.50
2022-2026	1,240,000.00	127,500.00	300,000.00	81,362.50
2027-2031	270,000.00	5,400.00	345,000.00	41,125.00
2032			75,000.00	1,875.00
	<u>\$ 2,550,000.00</u>	<u>458,800.00</u>	<u>970,000.00</u>	<u>253,775.00</u>

<u>Calendar Year</u>	<u>Loans State of New Jersey</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 252,648.79	88,746.83
2018	282,234.78	74,870.00
2019	297,884.17	69,820.00
2020	303,403.68	64,020.00
2021	308,793.31	57,970.00
2022-2026	1,613,425.79	186,444.76
2027-2031	508,387.78	53,295.00
2032-2036	327,097.85	20,125.00
	<u>\$ 3,893,876.15</u>	<u>615,291.59</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,068,896.46
Deductions:		
Operating and Maintenance Cost	854,412.18	
Debt Service Per Water-Sewer Account	<u>463,732.00</u>	
		<u>1,318,144.18</u>
Excess in Revenue		<u>\$ 750,752.28</u>

**NOTE 2: DEBT (CONTINUED)****Calculation of "Self-Liquidating Purpose" Beach Operating Utility Per N.J.S. 40A:2-45**

Cash Receipts From Fees, Rents or Other Charges for Year	\$ 1,323,993.32
Deductions:	
Operating and Maintenance Cost	<u>1,098,690.07</u>
Excess in Revenues	<u>\$ 225,303.25</u>

**Calculation of "Self-Liquidating Purpose" Pool Operating Utility Per N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 1,297,232.83
Deductions:		
Operating and Maintenance Cost	601,368.25	
Debt Service	<u>431,662.50</u>	
		<u>1,033,030.75</u>
Excess in Revenues		<u>\$ 264,202.08</u>

A revised Annual Debt Statement has been filed by the Chief Financial Officer.

**General Capital Fund**

Bond Anticipation Notes issued 10/28/16 maturing 10/26/17 @ 0.75% \$2,867,650.00

**Water Sewer Capital**

Bond Anticipation Notes issued 10/26/16 maturing 10/26/17 @ 0.75% 1,298,500.00

**NOTE 3: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017, were as follows:

Current Fund	\$ 700,000.00
Beach Utility Operating Fund	140,950.00
Water-Sewer Utility Operating Fund	367,883.72

**NOTE 4: PENSIONS**

Employees who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of State of New Jersey. The three State-administered plans are: (1) the Public Employee's Retirement System; (2) the Consolidated Police and Firemen's Pension Fund, and (3) the Police and Firemen's Retirement System. The Division annually charge municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employee's. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$423,161.00 for 2016 and \$ 411,150.00 for 2015.

Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

**NOTE 5: PENSION OBLIGATIONS****A. Public Employee's Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of  $1/55^{\text{th}}$  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  $1/60^{\text{th}}$  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 before age 62 with 25 or more years of service credit 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 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.

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**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's 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 fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employer's 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. Borough contributions to PERS amounted to \$157,492.00 for 2016.

**Components of Net Pension Liability** – At December 31, 2016, the Borough reported a liability of \$5,173,147 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. 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, 2016. The Borough's proportion measured as of June 30, 2016, was .01747%, which was a decrease of .00085% from its proportion measured as of June 30, 2015.

	<u>Dec. 31, 2016</u> July 1, 2016	<u>Dec. 31, 2015</u> July 1, 2015
Actuarial Valuation Date		
Net Pension Liability	5,173,147	4,112,189
District's Portion of the Plan's Total Net Pension Liability	0.01747%	0.01832%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$155,172.

**NOTE 5: PENSION OBLIGATIONS (Continued)**

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

	<u>PERS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Interest Rate	7.65%
Salary Scale	2014-2026 – 1.65-4.15% Based on Age Thereafter – 2.65-5.15% Based on Age
Inflation Rate	3.08%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2013 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

**Long-Term Expected Rate of Return** -- In accordance with State statute, the long-term expected rate of return on plan investments 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:



**NOTE 5: PENSION OBLIGATIONS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade to Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
Total	100%	

**Discount Rate**

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

**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 was calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<u>Decrease (2.98%)</u>	<u>Discount Rate (3.98%)</u>	<u>Increase (4.98%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 3,873,361	5,173,147	1,493,933

**NOTE 5: PENSION OBLIGATIONS (Continued)****B. Police and Fireman's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Fireman'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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtm1](http://www.state.nj.us/treasury/pensions/annrpts.shtm1).

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of 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 cash benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**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 pension contribution is based on an actuarially determined amount which includes the employer's 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 fiscal year 2016 and 2015, the State's pension contribution was less than the actuarial determined amount. The local employer's 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, 2013 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions for PFRS amounted to \$265,669.00 in 2016.

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**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 or deferred outflows or inflows 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 non-employers contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers.

**Components of Net Pension Liability** – At December 31, 2016, the Borough reported a liability of \$6,691,021 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. 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, 2016. The Borough's proportion measured as of December 31, 2016, was .03231%, which was a decrease of .00037% from its proportion measured as of December 31, 2015.

**Collective Balances at December 31, 2016 and December 31, 2015**

	<b><u>Dec. 31, 2016</u></b>	<b><u>Dec. 31, 2015</u></b>
Actuarial Valuation Date	July 1, 2016	July 1, 2015
Net Pension Liability	\$ 6,691,021	5,443,950
District's Portion of the Plan's Total Net Pension Liability	0.03231%	0.03268%

For the year ended December 31, 2016, the Borough had an allocated pension expense of \$285,588.

**NOTE 5: PENSION OBLIGATIONS (Continued)**

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

	<u>PFRS</u>
Measurement Date	June 30, 2016
Actuarial Valuation Date	July 1, 2015
Interest Rate	7.65%
Salary Scale	2014-2026 – 2.10-8.98% Based on Age Thereafter – 3.10-9.98% Based on Age
Inflation Rate	3.08%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

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

**Long-Term Expected Rate of Return** – In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

**NOTE 5: PENSION OBLIGATIONS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
Total	100%	

**Discount Rate**

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the 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 was calculated using a discount rate that is 1 percentage point lower (4.55%) or 1 percentage point higher (6.55%) than the current rate:

	<u>Decrease (4.55%)</u>	<u>Discount Rate (5.55%)</u>	<u>Increase (6.55%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 7,896,610	6,691,021	5,485,432

**NOTE 5: PENSION OBLIGATIONS (Continued)****C. Defined Contributions Retirement Program**

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

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

As of December 31, 2016, the Borough had one employee participating in the Defined Contribution Retirement Program.

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

**NOTE 6: CASH AND CASH EQUIVALENTS****A. Deposits**

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000.00.

## **NOTE 6: CASH AND CASH EQUIVALENTS (Continued)**

### **A. Deposits (Continued)**

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities. At June 30, 1999 (the date of the Fund's most recent report), the balance available in the Reserve Fund was slightly in excess of one and seven tenths percent of the value of "Other Than State" participant assets held by the Fund.

The carrying amount of the Borough's deposits at year-end including certificates of deposit was \$12,145,845.84. Of this amount \$500,000.00 was covered by Federal depository insurance and the remaining \$11,645,845.84 covered by a collateral pool maintained by the banks as required by New Jersey statutes.

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

### **B. Investments**

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part or within which the school district located within the Borough.
- (5) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

**NOTE 6: CASH AND CASH EQUIVALENTS (Continued)****B. Investments (Continued)**

(8) Agreements for the repurchase of fully collateralized securities, if:

- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
- b. the custody of collateral is transferred to a third party;
- c. the maturity of the agreement is not more than 30 days;
- d. the underlying securities are purchased through a public-depository as defined in section 1 of P.L. 1970, c. 236 (C. 17:9-41);
- e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

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

Cash and cash equivalents included petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

**C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

	<u>Bank Balance</u>	
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
<b><u>Depository Account</u></b>		
Insured:		
FDIC	\$ 500,000.00	750,000.00
GUDPA	11,645,845.84	8,903,486.56
Uninsured and Uncollateralized		891,598.99
	<u>\$ 12,145,845.84</u>	<u>10,545,085.55</u>



**NOTE 6: CASH AND CASH EQUIVALENTS (Continued)****D. Credit Risk Categories (Continued)****Custodial Credit Risk – Deposits**

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

State law limits investments as noted above.

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

**NOTE 7: TAXES COLLECTED IN ADVANCE**

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

	<b><u>Balance December 31</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Prepaid Taxes	<u>\$249,062.14</u>	<u>192,247.56</u>
Cash Liability for Taxes Collected in Advance	<u>\$249,062.14</u>	<u>192,247.56</u>

**NOTE 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for installments on August 1<sup>st</sup> of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The N.J. statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of January 1<sup>st</sup> of the current tax year even though the amount due is not known.

**NOTE 9: DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 10: LITIGATION**

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

Negligence and other types of liability suits, of which the Borough is aware, appear to be within the stated policy limits and would be covered by the respective carriers.

**NOTE 11: FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Borough of Sea Girt in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

**NOTE 12: RISK MANAGEMENT**

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

**NOTE 13: DEFERRED COMPENSATION**

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Borough through a program administrator, Nationwide Retirement Solutions. The program had a balance of \$863,011.68 at December 31, 2016

All compensation deferred under the program and all income attributable to these amount are solely the property of the employee.

Federal law effective August 20, 1996 provides that deferrals under Section 457 are to be held in trust for the exclusive benefits of participants and their beneficiaries.

**NOTE 14: INTERFUND RECEIVABLES AND PAYABLES – DECEMBER 31, 2016**

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
Current Fund	\$ 1,629.24	5,684.49
Trust	900.00	1,629.24
Water Sewer Operating	301,812.65	
Beach Operating		40,866.23
Beach Capital	40,866.23	
Water/Sewer Capital		301,812.65
Grants	<u>4,784.49</u>	
	<u>\$ 349,992.61</u>	<u>349,992.61</u>

Fees collected or expenses paid from one fund due another.

**Interfund Explanations**

The interfund between Current and Trust is for Library funds in Current.

The interfund between Grants and Current is for budgeted funds not yet received in the Grant Fund.

The interfund between Beach Capital and Beach Operating is for budgeted funds not yet turned over to the Capital fund.

The interfund between Water-Sewer Operating and Water-Sewer Capital will be eliminated when funding is secured.

It is anticipated that all interfunds will be liquidated in 2017.

**NOTE 15: ACCRUED SICK BENEFITS**

The Borough has permitted employees, within certain limitations, to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough at December 31, 2016 has a balance of \$510,396.91, of which \$245.46 is funded.

**NOTE 16: SIGNIFICANT ACCOUNTING PRONOUNCEMENTS**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2016. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2016 through May 26, 2017.

**NOTE 17: SUBSEQUENT EVENTS**

A review of operations to May 26, 2017 revealed no items which would have a material effect on the December 31, 2016 financial statements.

**NOTE 18: LOCAL DISTRICT SCHOOL TAXES**

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, Chapter 63 provides that any municipality that levies school taxes on a calendar year may defer from the taxes collected up to 50% of the levy. The amounts of these collections so deferred shall be regarded as fund balance to offset the local property tax levy for municipal purposes. At December 31, 2016 and December 31, 2015 the taxes due the school district are as follows:

	<b><u>Local District School Tax</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Balance of Taxes	\$ 2,212,420.26	2,169,033.26
Deferred	<u>883,202.00</u>	<u>883,202.00</u>
Total Tax Payable	<u>\$ 1,329,218.26</u>	<u>1,285,831.26</u>

**NOTE 19: CONTINGENT LIABILITIES****State and Federal Grants**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Borough estimates that no material liabilities will result from such audits.

## **NOTE 20: POST EMPLOYEE BENEFITS**

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough authorized participation in the SHBP's post-retirement benefit program through resolution. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Borough.

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

The State Health Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pension/gasb-43-sept2008.pdf>.

### **Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

The Borough's contributions to SHBP for the year ended December 31, 2016 were approximately \$530,483.80, which equaled the required contributions for the year. There were no retired participants eligible at December 31, 2016.

## **NOTE 21: ACCOUNTS RECEIVABLE**

The only significant receivables are uncollected property taxes in the Current Fund and user fees in the Water-Sewer fund all of which will be realized in 2017 and grants receivable in the Capital Fund which will be realized as the applicable projects are completed.

**BOROUGH OF SEA GIRT**

**COUNTY OF MONMOUTH**

**PART II**

**SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2016**

### COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>% of Collection</u>
2016	\$ 16,322,078.50	16,143,372.48	98.90%
2015	16,153,929.31	15,950,996.10	98.74%
2014	15,859,335.50	15,624,429.54	98.51%

### DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended Dec. 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ -	176,930.77	176,930.77	1.08%
2015	-	203,865.76	203,865.76	1.26%
2014	-	214,567.72	214,567.72	1.31%

### PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2016 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2016	\$ 3,200.00
2015	3,200.00
2014	3,200.00

### COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2016	\$ 1,663,639.83	1,673,466.67 *
2015	1,721,013.34	1,669,921.15 *

\*Includes collections against prior years.

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<b><u>Current Fund</u></b>	2016	\$ 2,479,143.54	700,000.00
	2015	2,094,486.97	655,000.00
	2014	1,641,946.39	505,903.83
<b><u>Water-Sewer Utility</u></b>	2016	1,101,710.95	367,883.72
	2015	1,090,299.28	361,002.43
	2014	1,107,621.83	314,425.00
<b><u>Beach Utility</u></b>	2016	308,813.83	140,950.00
	2015	209,869.41	122,227.47
	2014	234,616.43	152,665.00

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Tax Rate	\$ 0.709	0.724	0.789
<b><u>Apportionment of Tax Rate</u></b>			
Municipal	\$ 0.221	0.228	0.255
County	0.295	0.301	0.323
Local School	0.193	0.195	0.211
<b><u>Assessed Valuation</u></b>			
2016	\$ 2,289,564,800		
2015		2,218,589,100	
2014			1,996,734,500



**OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under review:

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
F. Ken Farrell	Mayor	
Donald Fetzner	Council President	
William Foley	Councilperson	
Michael Meixsell	Councilperson	
Anne B. Morris	Councilperson	
Michael Mulroy	Councilperson	
James E. Rotolo	Councilperson	
Lorraine P. Carafa	Municipal Clerk; Administrator; Deputy Registrar of Vital Statistics; Purchasing Agent	
Dawn Harriman	Deputy Municipal Clerk, Registrar of Vital Statistics	
Edward J. Hudson	Chief Financial Officer	
Karen Brisben	Tax Collector	\$1,000,000
Scott Kineavy	Tax Assessor	
Linda McGeehan	Water-Sewer Collector	
Paul J. Capotorto	Judge	
Linda Smith	Municipal Court Administrator	
Nicholas Montenegro	Attorney	
James Quigley	Zoning/Local Code Enforcement	
Jared McKittrick	Public Works Manager	
Peter R. Avakian	Engineer	
John M. Cantalupo	Bond Counsel	

There was \$250,000.00 with the Joint Insurance Fund for "Faithful Performance Blanket Coverage".  
The Beach Manager is covered under this policy.

All of the bonds were examined and were properly executed.

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Balance December 31, 2015	A	\$ 5,596,271.83	37,433.96
Increased by:			
Taxes Receivable	A-5	16,138,096.94	
Prepaid Taxes	A	249,062.14	
State of New Jersey Veterans & Senior Citizens	A-6	20,261.75	
Revenue Accounts Receivable	A-7	739,349.76	
Various Reserves	A-7A	135,248.90	
Federal and State Grants Unappropriated	A-14		10,912.01
Miscellaneous Revenue Not Anticipated	A-2	26,175.66	
Current Fund	Contra		7.23
		<u>17,308,195.15</u>	<u>10,919.24</u>
		22,904,466.98	48,353.20
Decreased by:			
Budget Appropriations	A-3	5,106,020.59	
Appropriation Reserves	A-8	273,190.41	
Other Reserves	A-7a	97,950.05	
Capital Fund	C	247,756.34	
Other	A	408,803.09	
County Taxes Payable	A-10	6,793,035.67	
Local District School Tax	A-11	4,381,439.00	
Federal and State Grants Appropriated	A-13 & Contra		4,184.07
		<u>17,308,195.15</u>	<u>4,184.07</u>
Balance December 31, 2016	A	\$ 5,596,271.83	44,169.13

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS

OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2015	2016 Levy	Cash		Veterans and Senior Citizens	Cancelled	Balance Dec. 31, 2016
			2015	2016			
2015	\$ 203,865.76	3,606.26		207,472.02			-
2016		16,322,078.50	192,247.56	15,930,624.92	20,500.00	1,775.25	176,930.77
	\$ 203,865.76	16,325,684.76	192,247.56	16,138,096.94	20,500.00	1,775.25	176,930.77
Ref.	A		A	A-4	A-6		A
<u>Analysis of Tax Levy</u>							
General Purpose Tax							
Added Taxes							
				\$ 16,238,034.51			
				84,043.99			
					\$ 16,322,078.50		
Local District School Tax (Abstract)							
		A-11					
General County Tax (Abstract)							
				\$ 6,006,374.94	\$ 4,424,826.00		
County Library Tax							
				412,355.46			
County Open Space Fund (Abstract)							
				345,057.59			
Added Taxes Due County - 2016							
				35,082.01	6,798,870.00		
		A-12					
Local Taxes for Municipal Purposes							
		A-2					
Added Taxes							
				\$ 5,042,520.74			
				55,861.76	5,098,382.50		
					\$ 16,322,078.50		

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-6

SCHEDULE OF DUE TO STATE OF NEW JERSEYPER CHAPTER 20, P.L. 1971

	<u>Ref.</u>	
Balance December 31, 2015 (Due From)	A	\$ 4,022.65
Increased by:		
Deductions Per Tax Billing:		
Senior Citizens		500.00
Veterans		19,750.00
Veterans Allowed By the Collector		<u>375.00</u>
	A-5	20,625.00
Increased by Senior Citizens Disallowed		<u>125.00</u>
		<u>20,500.00</u>
		24,522.65
Decreased by:		
Received From the State	A-4	<u>20,261.75</u>
Balance December 31, 2016 (Due From )	A	<u>\$ 4,260.90</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

AS OF DECEMBER 31, 2016

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Accrued</u>	<u>Receipts</u>	<u>Balance December 31, 2016</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	10,663.94	10,663.94	
Other	A-2		1,030.00	1,030.00	
Franchise Cablevision	A-2		30,147.00	30,147.00	
Verizon	A-2		28,816.28	28,816.28	
Taxi Licenses	A-2		9,420.00	9,420.00	
Municipal Court	A-2	7,522.90	153,855.29	158,296.21	3,081.98
Energy Receipts Tax	A-2		196,340.00	196,340.00	
Regional Code Construction Department	A-2		111,323.00	111,323.00	
Interest & Costs on Taxes	A-2		43,646.65	43,646.65	
Trust Fund-Reserve for Library Donation	A-2		62,100.00	62,100.00	
Interest on Investments	A-2		13,919.55	13,919.55	
		<u>7,522.90</u>	<u>661,261.71</u>	<u>665,702.63</u>	<u>3,081.98</u>
Miscellaneous Revenue Not Anticipated:					
Uniform Fire Safety Act			2,972.13	2,972.13	
Fees and Permits			21,075.00	21,075.00	
Property Maintenance Code			21,160.00	21,160.00	
Zoning & Planning			28,440.00	28,440.00	
	A-2		<u>73,647.13</u>	<u>73,647.13</u>	
	A-4	<u>7,522.90</u>	<u>\$ 734,908.84</u>	<u>739,349.76</u>	<u>3,081.98</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-7a

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

AS OF DECEMBER 31, 2016

	Balance December 31, 2015	Increased	Decreased	Balance December 31, 2016
Reserved For:				
Off Duty Police	\$ -	115,000.00	81,416.55	33,583.45
Library	828.15		-	828.15
Revaluation	17,294.74		-	17,294.74
Tax Appeals	31,193.31		-	31,193.31
Debt Service	162,319.75	12,012.50	12,012.50	162,319.75
Emergency Road Repair	13,412.69		-	13,412.69
LOSAP	16,519.91	1,000.00	-	17,519.91
Workmen's Compensation		1,714.00	1,714.00	
Bureau of Fire Safety	12,648.41	5,522.40		18,170.81
Insurance for Repairs	257,228.32		-	257,228.32
FEMA Proceeds	77,844.77		-	77,844.77
Codification	46,638.25		2,807.00	43,831.25
	\$ 635,928.30	135,248.90	97,950.05	673,227.15
Ref.	A	A-4	A-4	A

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 372,556.16
Increased by:			
Encumbrances	A-9		<u>306,621.03</u>
			679,177.19
Decreased by:			
Disbursed	A-4	273,190.41	
Accounts Payable	A	4,095.00	
Lapsed to Operations	A-1	<u>401,891.78</u>	
			<u>\$ 679,177.19</u>

SCHEDULE OF ENCUMBRANCES

Exhibit A-9

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 306,621.03
Increased by:			
Budget	A-3		<u>390,188.81</u>
			696,809.84
Decreased by:			
To Appropriation Reserves	A-4		<u>306,621.03</u>
Balance December 31, 2016	A		<u>\$ 390,188.81</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-10

CURRENT FUNDSCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 29,247.68
Increased by:			
2016 Levy:			
General County Tax		\$6,006,374.94	
County Library Tax		412,355.46	
County Open Space Fund		345,057.59	
Added Taxes Due County - 2016		<u>35,082.01</u>	
	A-5		<u>6,798,870.00</u>
			6,828,117.68
Decreased by:			
Payments	A-4		<u>6,793,035.67</u>
Balance December 31, 2016	A		<u>\$ 35,082.01</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Exhibit A-11

	<u>Ref.</u>		
Balance December 31, 2015			
School Tax Payable	A	\$1,285,831.26	
School Tax Deferred		<u>883,202.00</u>	
			2,169,033.26
Increased by:			
Levy School Year July 1, 2015 - June 30, 2016	A-5		<u>4,424,826.00</u>
			6,593,859.26
Decreased by:			
Payments	A-4		<u>4,381,439.00</u>
Balance December 31, 2016			
School Tax Payable	A	1,329,218.26	
School Tax Deferred		<u>883,202.00</u>	
			<u>\$ 2,212,420.26</u>



BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-12

FEDERAL AND STATE GRANT FUNDSCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	2016 Budget Appropriation	Received	Cancelled
	\$ 3,000.00			3,000.00
Green Communities				
Body Armor		1,382.18	1,382.18	
Alcohol Education & Rehabilitation		664.75	664.75	
Clean Communities		8,865.08	8,865.08	
	\$ 3,000.00	10,912.01	10,912.01	3,000.00
Ref.	A	A-3	A-4	A

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

Exhibit A-13

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2015	Transfer from 2016 Budget Appropriations	Expended	Adjusted (Cancelled)	Balance Dec. 31, 2016
Green Communities	\$ 3,000.00				3,000.00
Body Armor	8,995.45	1,382.18			10,377.63
Drunk Driving Enforcement	5,009.44		3,680.36		1,329.08
Clean Communities	11,432.99	8,865.08			20,298.07
Alcohol Education and Rehabilitation	5,018.81	664.75	503.71	(0.01)	5,179.84
Stormwater Regulations	8,769.00				8,769.00
	<u>\$ 42,225.69</u>	<u>10,912.01</u>	<u>4,184.07</u>	<u>(0.01)</u>	<u>48,953.62</u>

Ref.

A

A-3

A-4

A

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

Exhibit B-1

**TRUST FUND**

**SCHEDULE OF CASH - COLLECTOR - TREASURER**

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2015	B	\$ 5,475.80	1,240,018.94
Increased by Receipts:			
Dog Receipts	B-2	1,563.90	1.91
State Registration Fees	B-3	190.80	50,036.59
Law Enforcement Trust	B-4		16,178.11
Deferred Sick Leave	B-5		26,007.78
Unemployment	B-7		3.79
Due from Current Fund	B		6,078.06
Police Escrow	B-8		157,450.84
Library Fund	B-9		1,501.89
Recreation Fund	B-10		109,363.30
Flexible Spending Account	B-11		
Various Reserves	B-6	1,754.70	366,622.27
		7,230.50	1,606,641.21
Decreased by Disbursements:			
Statutory Excess	B	2,033.46	
State Registration Fees	B-3	190.80	
Deferred Sick Leave	B-5		140,714.57
Unemployment	B-7		7,399.08
Police Escrow	B-8		1.97
Library Fund	B-9		62,100.00
Recreation Fund	B-10		128,115.81
Flexible Spending Account	B-11		1,502.76
Various Reserves	B-6	2,224.26	262,067.18
			601,901.37
Balance December 31, 2016	B	\$ 5,006.24	1,004,739.84

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHSCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Exhibit B-2

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 3,442.34
Increased by Receipts:		
Dog License Fees Collected		1,546.20
Interest		<u>17.70</u>
	B-1	<u>1,563.90</u>
		<u>5,006.24</u>
Decreased by:		
Statutory Excess	B	<u>1,629.24</u>
Balance December 31, 2016	B	<u>\$ 3,377.00</u>
<u>License Fees Collected:</u>		
2014		\$ 1,498.80
2015		<u>1,878.20</u>
		<u>\$ 3,377.00</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURESDUE TO/(FROM) STATE OF NEW JERSEY

Exhibit B-3

	<u>Ref.</u>	
Increased by:		
Dog License Fees Collected	B-1	<u>\$ 190.80</u>
Decreased by:		
State Registration Fees Paid	B-1	<u>\$ 190.80</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHSCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST

Exhibit B-4

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 766.60
Increased by:		
Deposits	B-1	<u>1.91</u>
Balance December 31, 2016	B	<u>\$ 768.51</u>

SCHEDULE OF RESERVE FOR DEFERRED SICK LEAVE

Exhibit B-5

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 90,923.44
Increased by:		
Receipts	B-1	<u>50,036.59</u>
		140,960.03
Decreased by:		
Disbursements	B-1	<u>140,714.57</u>
Balance December 31, 2016	B	<u>\$ 245.46</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-6

SCHEDULE OF VARIOUS RESERVES

	Balance June 30, 2015	Receipts	Disbursements	Balance June 30, 2016
Trust - Other	\$ 18,985.85	4,383.40	2,107.17	21,262.08
Dune Walkover Fees	2,338.00			2,338.00
Reserve for Tax Sale Premium	187,200.00	15,000.00	187,200.00	15,000.00
Reserve for POAA	38.00	18.00		56.00
Reserve for Public Defender	400.00	400.00	250.00	550.00
Snow Removal	37,106.76	19,005.26	12,783.17	43,328.85
Recycling Fees	7,457.78	11,961.64	61.60	19,357.82
Marriage License Fees	200.00	250.00	475.00	(25.00)
Donation	78,722.24	845.00	7,625.00	71,942.24
Planning Board Escrow	133,151.24	57,500.00	51,565.24	139,086.00
	<u>\$ 465,599.87</u>	<u>109,363.30</u>	<u>262,067.18</u>	<u>312,895.99</u>
Ref.	B	B-1	B-1	B

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****Exhibit B-7****TRUST FUND****SCHEDULE OF RESERVES FOR UNEMPLOYMENT**

Balance December 31, 2015	<u>Ref.</u> B	\$ 63,261.76
Increased by:		
Receipts	B-1	16,178.11
		<u>79,439.87</u>
Decreased by:		
Disbursed	B-1	7,399.08
		<u>7,399.08</u>
Balance December 31, 2016	B	<u>\$ 72,040.79</u>

**SCHEDULE OF RESERVE FOR POLICE ESCROW****Exhibit B-8**

Balance December 31, 2015	<u>Ref.</u> B	\$ 757.88
Increased by:		
Receipts	B-1	3.79
		<u>761.67</u>
Decreased by:		
Disbursed	B-1	1.97
		<u>1.97</u>
Balance December 31, 2016	B	<u>\$ 759.70</u>

TRUST FUNDSCHEDULE OF RESERVE FOR LIBRARY TRUST FUND

Balance December 31, 2015	<u>Ref.</u> B	\$ 506,476.90
Increased by:		
Receipts	B-1	<u>6,078.06</u>
		512,554.96
Decreased By:		
Disbursements	B-1	<u>62,100.00</u>
Balance December 31, 2016	B	<u>\$ 450,454.96</u>

SCHEDULE OF RESERVE FOR RECREATION

## Exhibit B-10

Balance December 31, 2015	<u>Ref.</u> B	\$ 137,974.83
Increased by:		
Receipts	B-1	<u>157,450.84</u>
		295,425.67
Decreased By:		
Disbursements	B-1	<u>128,115.81</u>
Balance December 31, 2016	B	<u>\$ 167,309.86</u>



TRUST FUND

Exhibit B-11

SCHEDULE OF RESERVES FOR FLEXIBLE SPENDING ACCOUNT

Balance December 31, 2015	<u>Ref.</u> B		\$ 98.39
Increased by:			
Cancel Payable	B	1,700.72	
Receipts	B-1	<u>1,501.89</u>	
			<u>3,202.61</u>
			3,301.00
Decreased by:			
Disbursements	B-1	1,502.76	
Cancel Receivable	B	<u>633.67</u>	
			<u>2,136.43</u>
Balance December 31, 2016	B		<u>\$ 1,164.57</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

74.

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - CHECKING

Balance December 31, 2015	<u>Ref.</u> C		\$ 1,955,551.65
Increased by:			
Current Fund	C-3	247,756.34	
Accounts Payable	C-3	5,500.00	
Monmouth County	C-3	49,865.50	
Bond Anticipation Notes	C-3	937,150.00	
Capital Improvement Fund	C-5	<u>85,000.00</u>	
			<u>1,325,271.84</u>
			3,280,823.49
Decreased by:			
Improvement Authorizations	C-6	761,917.15	
Accounts Payable	C-3	4,723.22	
Excess Financing	C-3	61,034.98	
Reserve to Pay Debt	C-3	<u>9,987.50</u>	
			<u>837,662.85</u>
Balance December 31, 2016	C		<u><u>\$ 2,443,160.64</u></u>

## GENERAL CAPITAL FUND

## SCHEDULE OF CAPITAL CASH

	Balance Dec. 31, 2015	Receipts	Disbursements	Transfers		Balance Dec. 31, 2016
				From	To	
Fund Balance	\$ 101,546.83					101,546.83
Current Fund	95,593.19	85,000.00		111,350.00		69,243.19
Accounts Payable	501.86	4,221.36	4,723.22			(0.00)
Reserve To Pay Debt	240,924.84		9,987.50			230,937.34
Excess Financing	214,250.00		61,034.98			153,215.02
Reserve for Encumbrances	212,715.90			212,715.90	527,119.10	527,119.10
Grants Receivable	(55,000.00)					(55,000.00)
Camera Grant		5,500.00				5,500.00
Monmouth County Storm Drainage		49,865.50				49,865.50
<b>Reserve to Pay Debt</b>						
05-12 Philadelphia Blvd	5,550.99		2,500.00		2,500.00	5,550.99
08-12 Various General Improvements			4,150.00		5,749.88	1,599.88
11-13 Various General Improvements			12,201.04		12,201.04	
13-19 Road Improvements					162,245.15	162,245.15
06-14 Road Improvements	70,797.00		24,128.70		9,558.80	56,227.10
07-14 Roads	178,047.25		53,540.87			124,506.38
16-04 Various General Improvements			3,664.81		3,978.81	314.00
05-15 Roads	804,335.09	208,808.37	290,715.97	212,117.99		510,309.50
06-15 Equipment	85,368.70	4,642.71	60,065.00		16,482.22	46,428.63
14-15 Various General Improvements	920.00	5,080.00	5,080.00			920.00
03-16 Roads		712,503.90	80,134.90	315,001.11		354,867.89
04-16 Equipment		176,500.00	89,285.86			97,214.14
05-16 UST Remediation			29,450.00			550.00
10-16 Police Headquarters			30,000.00			-
08-16 Tennis Courts		73,150.00	77,000.00		3,850.00	-
	\$ 1,955,551.65	1,325,271.84	837,662.85	851,185.00	851,185.00	2,443,160.64

Ref.

C

C-2

C-2

C

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

Exhibit C-4

**GENERAL CAPITAL FUND**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance Dec. 31, 2015	2016 Authorizations	Funded By Budget	Adjustment	Balance Dec. 31, 2016	Notes Issued	Unexpended Improvement Authorization
19-2013 07-2014 &	Roads & Recreation Equipment	\$ 203,250.00		38,800.00	4,745.08	169,195.08	349,200.00	
05-2015	Roads	539,500.00		56,900.00		482,600.00	512,100.00	
06-2015	Various General Improvements	1,059,250.00		105,900.00		953,350.00	953,100.00	
06-2015	Acquisition of Equipment	129,675.00		12,900.00		116,775.00	116,100.00	675.00
03-2016	Roads		712,500.00			712,500.00	712,500.00	
04-2016	Acquisition of Equipment		176,500.00			176,500.00	176,500.00	
08-2016	Tennis Courts		48,150.00			48,150.00	48,150.00	
		\$ 1,931,675.00	937,150.00	214,500.00	4,745.08	2,659,070.08	2,867,650.00	675.00
Ref.		C	C-6	C-3,8	C	C	C-8	C-6

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 95,593.19
Increased by:		
Budget Appropriations	C-2	<u>85,000.00</u>
		180,593.19
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>111,350.00</u>
Balance December 31, 2016	C	<u><u>\$ 69,243.19</u></u>

## GENERAL CAPITAL FUND

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	Balance Dec. 31, 2015		2016 Authorizations	Encumbrances Adjusted	Expended	Balance Dec. 31, 2016	
	Funded	Unfunded				Funded	Unfunded
2012-5 Impvts to Philadelphia Blvd	\$ -	5,550.99		2,500.00	2,500.00		5,550.99
2012-08 Various General Improvements				4,150.00	4,150.00		1,599.88
2013-11 Various General Improvements				12,201.04	12,201.04		
2013-19 Road Improvements				162,245.15	162,245.15		162,245.15
2014-06 Acquisition of Equipment	70,797.00			24,128.70	24,128.70		56,227.10
2007-14 & Road Improvements		178,047.25		53,540.87	53,540.87		124,506.38
2015-17 Various General Improvements				3,664.81	3,664.81	314.90	
2004-16 Road Improvements		804,585.00		502,837.56	502,837.56		510,309.50
2015-05 Acquisition of Equipment		86,043.00		60,065.00	60,065.00		46,428.63
2015-06 Various General Improvements				5,080.00	5,080.00	920.00	
2015-14 Road Improvements	920.00		750,000.00	395,132.41	395,132.41		354,867.59
2016-03 Acquisition of Equipment			186,500.00	89,285.86	89,285.86		97,214.14
2016-04 UST Remediation			30,000.00	29,450.00	29,450.00	550.00	
2016-05 Impvts to PD Headquarters			30,000.00	30,000.00	30,000.00		
2016-10 Tennis Courts Renovations			77,000.00	77,000.00	77,000.00		
	\$ 71,717.00	1,074,226.24	1,073,500.00	427,827.27	1,289,036.25	1,784.90	1,358,949.36
Ref:	C	C	C-4-9	C-3	C-2,3	C	C
Capital Improvement Fund			\$ 111,350.00				
Trust			25,000.00				
Deferred Charges Unfunded			937,150.00				
			\$ 1,073,500.00				
Cash							
Encumbrances							
				Ref.			
				C-2	\$ 761,917.15		
				C	527,119.10		
					\$ 1,289,036.25		

GENERAL CAPITAL FUNDSCHEDULE OF GENERAL SERIAL BONDS

Description	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
General Improvements	12/19/2012	\$3,280,000.00	12/1/17	\$195,000.00	3.00%	\$ 2,740,000.00	190,000.00	2,550,000.00
			12/1/18	200,000.00	3.00%			
			12/1/19	210,000.00	3.00%			
			12/1/20	215,000.00	4.00%			
			12/1/21	220,000.00	4.00%			
			12/1/22	230,000.00	4.00%			
			12/1/23	240,000.00	4.00%			
			12/1/24	250,000.00	2.00%			
			12/1/25	255,000.00	3.00%			
			12/1/26	265,000.00	2.00%			
			12/1/27	270,000.00	2.00%			
					\$ 2,740,000.00	190,000.00	2,550,000.00	

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-8

SCHEDULE OF BOND ANTICIPATION NOTES

GENERAL CAPITAL

Ordinance Number	Date of		Amount of Original Issue	Interest Rate	Balance Dec. 31, 2015	Notes Issued	Notes Paid	Balance Dec. 31, 2016
	Issue	Maturity						
19-2013	10/28/16	10/26/17	\$736,000.00	0.75%	\$ 388,000.00		38,800.00	349,200.00
07-2014	10/28/16	10/26/17	617,000.00	0.75%	569,000.00		56,900.00	512,100.00
05-2015	10/28/16	10/26/17	1,059,000.00	0.75%	1,059,000.00		105,900.00	953,100.00
06-2015	10/28/16	10/26/17	129,000.00	0.75%	129,000.00		12,900.00	116,100.00
03-2016	10/28/16	10/26/17	712,500.00	0.75%		712,500.00		712,500.00
04-2016	10/28/16	10/26/17	176,500.00	0.75%		176,500.00		176,500.00
08-2016	10/28/16	10/26/17	48,150.00	0.75%		48,150.00		48,150.00
					\$2,145,000.00	937,150.00	214,500.00	2,867,650.00

Ref.

C

C-9

A-3

C



BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2015	2016 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2016
05-2015	Road Improvements	\$ 250.00			250.00
06-2016	Acquisition of Equipment	675.00			675.00
03-2016	Road Improvements		712,500.00	712,500.00	
04-2016	Acquisition of Equipment		176,500.00	176,500.00	
08-2016	Tennis Court Rehabilitation		48,150.00	48,150.00	
		<u>\$ 925.00</u>	<u>937,150.00</u>	<u>937,150.00</u>	<u>925.00</u>
Ref.	C		C-8	C-8	C

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-4

WATER-SEWER UTILITY OPERATING AND CAPITAL FUND

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	D	\$ 831,190.19	1,408,774.16
Increased by:			
Consumer Accounts Receivable	D-6	1,673,466.67	415,500.00
Bond Anticipation Notes	D-2		134,317.29
Reserve to ay Debt	D		470,674.13
Monmouth County			1,445,062.00
Trust Loan			383,326.13
Reserve for Debt	D-5		150,000.00
Capital Improvement Fund	D-2	34,427.36	
Miscellaneous Revenue		1,707,894.03	2,998,879.55
		<u>2,539,084.22</u>	<u>4,407,653.71</u>
Decreased by:			
Appropriation Reserve	D-7	13,348.11	
Improvement Authorizations			2,976,800.99
Budget Appropriations	D-3	<u>1,524,188.92</u>	<u>2,976,800.99</u>
Balance December 31, 2016	D	<u>\$ 1,001,547.19</u>	<u>1,430,852.72</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-5

SCHEDULE OF CASH

	Balance Dec. 31, 2015	Receipts	Disbursements	From	To	Balance Dec. 31, 2016
Fund Balance	\$ 8,158.12					8,158.12
Capital Improvement Fund	95,000.00	150,000.00		47,100.00		197,900.00
Interfund Water Sewer Operating	460,858.08	2,283.99	161,329.42			301,812.65
Encumbrances	2,393,070.25			2,396,070.25	3,000.00	
Reserve to Pay Debt	5,500.00	383,326.13				388,826.13
Excess Financing	(102,441.67)	9,522.64				(92,919.03)
<u>Improvement Authorizations</u>						
924 Water Supply System	(36,022.26)	36,022.26				-
938 Water Improvements	(4,585.70)	4,585.70				-
839 Improvements to Water-Sewer System	(26,125.00)	26,125.00				-
601/949 Water System	(74,118.00)	74,118.00				-
07-2008 Various Improvements	(18,194.47)	18,194.47				
18-2009 Various Improvements	63,836.72					63,836.72
08-2011 Various Improvements	12,887.39		6,200.00		4,800.00	11,487.39
12-2013 Various Improvements	0.61				21,066.61	21,066.61
14-3013 Various Improvements	10.00				10.00	
31-2013 Various Improvements	2.20				2.20	
05-2014 Various Improvements	145,217.15					145,217.15
02-2015 Water Plant Improvements	30,000.00		99,860.95	3,000.00	6,023.00	48,379.20
03-2015 Baltimore Ave	14,093.00					14,093.00
07-2015 Acquisition of Equipment	114,851.10		54,362.40		74,008.65	33,739.25
09-2015 Improvements to Outfall & Drainage	(2,664,802.50)	3,010,031.36	2,379,194.80		2,290,172.60	256,206.66
06-2016 Acquisition of Equipment		85,500.00			47,100.00	132,600.00
06-2015 Improvements to Neptune & Seaside		330,000.00	328,983.84			1,016.16
	\$ 417,195.02	4,129,709.55	3,138,130.41	2,446,170.25	2,446,170.25	1,408,774.16

Ref.	D-4	D-4	D-12	D-4
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BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHWATER-SEWER UTILITY OPERATING FUND

Exhibit D-6

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 103,269.07
Increased by:		
Water-Sewer Rents Levied		<u>1,663,639.83</u>
		1,766,908.90
Decreased by:		
Receipts	D-4	<u>1,673,466.67</u>
Balance December 31, 2016	D	<u>\$ 93,442.23</u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-7

	<u>Ref.</u>		
Balance December 31, 2015	D		\$ 152,508.61
Increased by:			
Encumbrances	D		<u>15,263.65</u>
			167,772.26
Decreased by:			
Disbursed	D-4	13,348.11	
Lapsed to Surplus	D-7	<u>154,424.15</u>	
			<u>\$ 167,772.26</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHWATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Balance December 31, 2015	<u>Ref.</u> D		\$ 2,577,944.58
Increased by:			
Ordinances Funded	D-12,16	\$206,145.43	
Loan Payments		219,711.24	
Adjustment to Actual		<u>2,093,414.41</u>	
			<u>2,519,271.08</u>
Balance December 31, 2016	D		<u>\$ 5,097,215.66</u>

SCHEDULE OF ACCRUED INTEREST

Exhibit D-9

Balance December 31, 2015	<u>Ref.</u> D		\$ 33,976.73
Increased by:			
2016 Accrued Interest	D-3		<u>3,273.57</u>
Balance December 31, 2016	D		<u>\$ 37,250.30</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHWATER-SEWER UTILITY CAPITAL FUND

Exhibit D-10

SCHEDULE OF FIXED CAPITAL

	<u>Balance Dec. 31, 2015 &amp; 2016</u>
<u>Accounts</u>	
<u>Water System</u>	
Pumping Station, Equipment and Wells	\$ 538,070.87
Reservoirs, Tanks and Standpipes	605,544.96
Meter, Hydrants and General Equipment	108,273.68
Water Mains	1,264,950.89
Service Pipes and Stops	1,465.14
Land, Pumping Station, etc.	2,568.35
Water Filtration Plant	271,000.00
 <u>Sewer System-Sanitary Sewer</u>	
Collection System	656,812.61
Infrastructure Improvements	<u>20,000.00</u>
	 <u><u>\$ 3,468,686.50</u></u>
 Ref.	 D

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHWATER-SEWER UTILITY CAPITAL FUND

Exhibit D-11

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	<u>Ref.</u> D	\$ 95,000.00
Increased by:		
2016 Budget Appropriation	D-5	<u>150,000.00</u>
		245,000.00
Decreased by:		
Appropriatd to Finance Improvement Authorizations	D-12	<u>47,100.00</u>
Balance December 31, 2016	D	<u><u>\$ 197,900.00</u></u>

## WATER-SEWER CAPITAL FUND

## Exhibit D-12

## SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Bonds and Notes Authorized  
Capital Improvement Fund



BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-13

WATER-SEWER UTILITY FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Amount	Balance Dec. 31, 2015	2016 Authorizations	Cancelled Funded	Balance Dec. 31, 2016
895	Various Water-Sewer Improvements	\$ 75,000.00	\$ 56,074.06			56,074.06
924	Water System	50,000.00	42,167.98			42,167.98
938	Various Water-Sewer Improvements	40,000.00	34,535.70			34,535.70
601	Water System	3,750,000.00	3,750,000.00			3,750,000.00
2-2009	Various Water-Sewer Improvements	75,000.00	75,000.00			75,000.00
08-2009	Various Water-Sewer Improvements	280,000.00	114,155.94			114,155.94
18-2009	Various Water-Sewer Improvements	4,295,000.00	4,295,000.00		3,351,835.72	943,164.28
08-2011	Various Water-Sewer Improvements	561,000.00	561,000.00			561,000.00
05-2010	Water System	160,000.00	35,500.00			35,500.00
07-2012	Various Water-Sewer Improvements	27,000.00	27,000.00			27,000.00
23-2012	Equipment	6,000.00	6,000.00			6,000.00
12-2013	Various Water-Sewer Improvements	60,000.00	60,000.00			60,000.00
14-2013	Various Water-Sewer Improvements	210,000.00	210,000.00			210,000.00
31-2013	Various Water-Sewer Improvements	80,000.00	80,000.00			80,000.00
05-2014	Various Water-Sewer Improvements	190,000.00	190,000.00			190,000.00
12-2014	Stockton Blvd.	60,000.00	60,000.00			60,000.00
18-2014	Improvements to Water Tower	200,000.00	200,000.00			200,000.00
02-2015	Improvements to Water Plant	30,000.00	30,000.00			30,000.00
03-2015	Improvements to Baltimore Blvd	600,000.00	600,000.00			600,000.00
07-2015	Acquisition of Equipment	120,000.00	120,000.00			120,000.00
09-2015	Improvements to Drainage and Outfall	4,356,000.00	4,356,000.00			4,356,000.00
06-2016	Acquisition of Equipment	85,500.00		85,500.00		85,500.00
07-2016	Improvements to Neptune and Seaside	330,000.00		330,000.00		330,000.00
			\$ 14,902,433.68	415,500.00	3,351,835.72	11,966,097.96

Ref

D

D-12

D-12

D

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015	<u>Ref.</u> D	\$ 3,058,686.50
Increased by:		
Serial Bonds Paid by Budget	D-15	<u>45,000.00</u>
Decreased by:		
Adjustments		<u>158,545.41</u>
Balance December 31, 2016	D	<u><u>\$ 2,900,141.09</u></u>

## BOROUGH OF SEA GIRT-COUNTY OF MONMOUTH

Exhibit D-15

## WATER/SEWER UTILITY CAPITAL FUND

## SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURAL TRUST LOAN

Description	Date of Loan	Original Amount Issued	Maturity		Interest Rate	Balance Dec. 31, 2015	Issued	Paid	Balance Dec. 31, 2016
			Date	Amount					
Various Improvements to Water-Sewer Utilities	11/9/06	\$ 1,830,882.00	8/1/16 to 8/1/2026	Variable	N/A	\$ 1,035,416.55		93,138.81	942,277.74
Various Improvements to Water-Sewer Utilities	11/9/06	1,845,000.00	8/1/16 to 8/1/26	Variable	4.00% to 5.00%	1,250,000.00		90,000.00	1,160,000.00
Various Improvements to Water-Sewer Utilities	12/20/10	395,000.00	8/1/16 to 8/1/30	Variable	5.00%	335,000.00		15,000.00	320,000.00
Various Improvements to Water-Sewer Utilities	12/20/10	424,238.00	8/1/16 to 8/1/30	Variable	N/A	323,586.45		21,572.43	302,014.02
Various Improvements to Water-Sewer Utilities	12/22/16	355,000.00	8/1/18 to 8/1/36	Variable	3.00% to 5.00%		355,000.00		355,000.00
Various Improvements to Water-Sewer Utilities	12/22/16	1,090,062.00	8/1/17 to 8/1/36	Variable	N/A		814,585.00		814,585.00
						\$ 2,944,003.00	1,169,585.00	219,711.24	3,893,876.76

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-15A

WATER SEWER CAPITAL FUND

SCHEDULE OF WATER SEWER CAPITAL FUND SERIAL BONDS

<u>Description</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Maturity</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Various Improvements to Water-Sewer Utilities	12/19/2012	\$970,000.00	12/19/2017	\$ 45,000.00	3.00%			
			12/19/18-20	50,000.00	3.00/4.00%			
			12/19/21-22	55,000.00	4.00%			
			12/19/23-25	60,000.00	2.00/4.00%			
			12/19/26-28	65,000.00	2.00/2.25%			
			12/19/29-30	70,000.00	3.50%			
			12/19/31-32	75,000.00	2.50%	\$ 1,015,000.00	45,000.00	970,000.00
						<u>\$ 1,015,000.00</u>	<u>45,000.00</u>	<u>970,000.00</u>
			Ref.		D		D-14	D

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-16

**SCHEDULE OF BONDS AND NOTES**

**AUTHORIZED BUT NOT ISSUED**

Number	Description	Balance Dec. 31, 2015	2016 Authorizations	Financed	Balance Dec. 31, 2016
924	Improvements to Water System	\$ 36,022.26		36,022.26	-
938	Various Water-Sewer Improvements	4,585.70		4,585.70	-
839	Various Water-Sewer Improvements	26,125.00		26,125.00	-
07-08	Various Water-Sewer Improvements	74,118.00		74,118.00	-
938	Various Water-Sewer Improvements	18,194.47		18,194.47	-
18-2009	Various Water-Sewer Improvements	3,287,999.00		3,287,999.00	-
09-2015	Utility Improvements-Outfall & Drainage	4,356,000.00		2,469,585.00	1,886,415.00
06-2016	Acquisition of Equipment		85,500.00	85,500.00	
07-2016	Utility Improvements-Outfall & Drainage		330,000.00	330,000.00	
		\$ 7,803,044.43	415,500.00	6,332,129.43	1,886,415.00
					D
		Ref.	Ref.		
	Bond Anticipation Notes		D-17	\$ 415,500.00	
	Ordinance Cancelled		D-12	3,287,999.00	
	Budget Appropriation		D-3	159,045.43	
	NJEIT Loans		D-15	1,169,585.00	
	State DOT		D-5	842,325.87	
	County of Monmouth		D-5	457,674.13	
				\$ 6,332,129.43	

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**WATER-SEWER UTILITY CAPITAL FUND**

Exhibit D-17

**SCHEDULE OF BOND ANTICIPATION NOTES**

Number	Description	Date Of Maturity	Rate Of Interest	Balance Dec. 31, 2015	2016		Balance Dec. 31, 2016
					Issued	Paid	
18-2009	Various Water-Sewer Improvements	10/26/2017	0.75%	\$ 150,000.00		15,000.00	135,000.00
03-2015	Utility Impvts-Baltimore Ave..	10/26/2017	0.75%	600,000.00		60,000.00	540,000.00
07-2015	Acquisition of Equipment	10/26/2017	0.75%	120,000.00		12,000.00	108,000.00
06-2016	Acquisition of Equipment	10/26/2017	0.75%		85,500.00		85,500.00
07-2016	Various Water-Sewer Improvements	10/26/2017	0.75%		330,000.00		330,000.00
				\$ 870,000.00	415,500.00	87,000.00	1,198,500.00
				D	D-16	D-3	D
				<u>Ref.</u>			

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-4

BEACH UTILITY OPERATING AND CAPITAL FUND

SCHEDULE CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 361,008.41	62,063.71
Increased by Receipts:			
Beach Fees	E-2	\$ 1,071,270.00	
Concession Rents	E-2	80,530.00	
Lifeguard NGTC	E-2	46,093.80	
Capital Improvement Fund	E-9		30,000.00
Miscellaneous Revenue Not Anticipated	E-2-5	3,872.05	194.99
		<u>1,201,765.85</u>	<u>30,194.99</u>
		1,562,774.26	92,258.70
Decreased by Disbursements:			
Budget Appropriations	E-3	984,824.47	
Appropriation Reserves	E-6	3,106.46	
Interfund Beach Operating	E-5	20,305.54	273.03
Improvement Authorizations	E-7		2,885.00
		<u>1,008,236.47</u>	<u>3,158.03</u>
Balance December 31, 2016	E	\$ <u>554,537.79</u>	<u>89,100.67</u>

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**

**BEACH UTILITY CAPITAL FUND**

Exhibit E-5

**SCHEDULE OF CASH**

	Balance Dec. 31, 2015	Receipts	Disbursements	Transfers From To	Balance Dec. 31, 2016
Fund Balance	\$ 74,189.96				74,189.96
Capital Improvement Fund	8,000.00	30,000.00			38,000.00
Reserve to Pay Notes and Bonds	38,589.81				38,589.81
Interfund Beach Operating	96.24	194.99	273.03	40,962.47	(40,866.23)
Other				78.04	(78.04)
<b>Improvement Authorizations</b>					
873 Various Improvements	(17,525.00)			17,525.00	
925 Various Improvements	(170.00)			170.00	
2006-06 Beach Pavilion	21.91				21.91
2007-09 Various Improvements	(1,650.00)			1,650.00	
2009-07 Various Improvements	(43,452.70)			19,807.70	(23,645.00)
2011-06 Various Improvements	1,316.48				1,316.48
2013-01 Boardwalk and Pavilion	(1,949.77)		2,885.00	1,809.77	(3,025.00)
2014-17 Beach Pavilion and Equipment	3,402.55				3,402.55
2014-22 Equipment	1,194.23				1,194.23
	<u>\$ 62,063.71</u>	<u>30,194.99</u>	<u>3,158.03</u>	<u>41,040.51</u>	<u>89,100.67</u>

Ref.

E

E-4

E-7

E



BEACH UTILITY OPERATING FUND

Exhibit E-6

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2015	<u>Ref.</u> E		\$ 113,074.56
Increased by:			
Encumbrances			<u>11,437.13</u>
			124,511.69
Decreased by:			
Disbursed	E-1	3,106.46	
Lapsed to Surplus	E-4	<u>121,405.23</u>	
			<u>\$ 124,511.69</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit E-7

Ordinance Number	Description	Ordinance		Balance Dec. 31, 2015		Encumbrance Cancelled	Expended	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
2006-06	Beach Pavilion	7/26/2006	\$ 200,000.00	\$ 21.91				21.91	
2009-07	2009 Various Improvements	4/22/2009	49,550.00		3,619.80				3,619.80
2011-06	2011 Various Improvements	6/1/2011	92,000.00	1,316.48				1,316.48	-
2013-01	Boardwalk and Pavilion Impvts	3/6/2013	1,750,000.00		2,885.23		2,885.00		0.23
2014-07	Beach Pavilion Impvts and Equipment Acquisition	7/9/2014	80,000.00	3,402.55				3,402.55	
2014-22	Equipment Acquisition	12/10/2014	70,000.00	294.23		900.00		1,194.23	
				<u>\$ 5,035.17</u>	<u>6,505.03</u>	<u>900.00</u>	<u>2,885.00</u>	<u>5,935.17</u>	<u>3,620.03</u>
				<u>Ref. E</u>	<u>E</u>	<u>E</u>		<u>E</u>	<u>E</u>
					Cash Disbursed	<u>Ref. E-4</u>	<u>\$ 2,885.00</u>		

**BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH****BEACH UTILITY CAPITAL FUND**

Exhibit E-8

**SCHEDULE OF FIXED ASSETS AUTHORIZED AND UNCOMPLETED**

<b>Ordinance Number</b>	<b>Description</b>	<b>Ordinance</b>		<b>Balance</b>
		<b>Date</b>	<b>Amount</b>	<b>Dec. 31, 2015 and Dec. 31, 2016</b>
2006-06	Beach Pavilion	7/26/06	\$ 200,000.00	\$ 200,000.00
2009-07	2009 Various General Improvements	4/22/09	107,000.00	107,000.00
2011-06	2011 Various General Improvements	6/1/11	92,000.00	92,000.00
3013-01	Boardwalk And Pavilion	3/6/13	1,750,000.00	1,750,000.00
2014-17	2014 Various General Improvements	7/9/14	80,000.00	80,000.00
2014-22	2014 Various General Improvements	12/10/14	70,000.00	70,000.00
				<hr/>
				\$ 2,299,000.00
				<hr/>

Ref.

E

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHBEACH UTILITY CAPITAL FUND

Exhibit E-9

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	<u>Ref.</u> E		\$ 8,000.00
Increased by:			
2016 Budget		25,000.00	
Reimbursement		<u>5,000.00</u>	
			<u>30,000.00</u>
Balance December 31, 2016			<u>\$ 38,000.00</u>

SCHEDULE OF RESERVE TO PAY BONDS AND NOTES

Exhibit E-10

	<u>Ref.</u>		
Balance December 31, 2015 and 2016	E		<u>\$ 38,589.91</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHBEACH UTILITY CAPITAL FUND

Exhibit E-11

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015	<u>Ref.</u> E		\$ 5,317,728.38
Increased by:			
Ordinances Funded		\$ 40,866.23	
Adjustment		<u>18.20</u>	
			<u>40,884.43</u>
Balance December 31, 2016			<u>\$ 5,358,612.81</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-12

BEACH UTILITY CAPITAL FUNDSCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2015	Funded By Budget	Balance Dec. 31, 2016
873	2003 Various General Improvements	\$ 17,525.00	17,525.00	-
925	2005 Various General Improvements	170.00	170.00	-
2007-09	2007 Various General Improvements	1,650.00	1,650.00	-
2009-07	2009 Various General Improvements	47,072.50	19,807.70	27,264.80
2013-01	Improvements to Boardwalk and Pavilion	4,835.00	1,809.77	3,025.23
		<u>\$ 71,252.50</u>	<u>40,962.47</u>	<u>30,290.03</u>
	Ref.	E	E-3	E

**BOROUGH OF SEA GIRT**

**COUNTY OF MONMOUTH**

**PART III**

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS**

**YEAR ENDED DECEMBER 31, 2016**

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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**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 Borough Council  
 Borough of Sea Girt  
 County of Monmouth  
 Sea Girt, New Jersey 08750

We have audited the consolidated financial statements of the Borough of Sea Girt (the "Borough"), as of and for the year ended December 31, 2016, and have issued our report thereon dated May 26, 2017. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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



**Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of material misstatement, we performed tests of it 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. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated May 26, 2017.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Robert A. Hulsart and Company***  
**Independent Auditors**

May 26, 2017

**BOROUGH OF SEA GIRT**

**COUNTY OF MONMOUTH**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

## **GENERAL COMMENTS**

### **Scope of Audit**

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

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

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the 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 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 amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2015, the public contracts law was amended to change the bid threshold to \$40,000.00 if there is a certified purchasing agent. Effective January 1, 2011, if there is no Qualified Purchasing Agent the bid threshold remained at \$17,500.00 and \$2,625.00 for quotes. If there is a qualified purchasing agent the quote threshold was increased to \$6,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent). A test of quotes for purchases was made with no exceptions

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for "Professional Services" per N.J.S. 40A:11-4.

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

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

The governing body on January 6, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**“NOW THEREFORE BE IT RESOLVED**, that a grace period not exceeding ten (10) days be permitted after each quarterly due date, February 1, May 1, August 1, November 1, and the rate of eight percent (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on the amount in excess of \$1,500.00 with delinquent interest rate retroactive to the aforesaid due dates for the year 2016”.

Sewer utility delinquencies are charged interest at the rate of 8% per annum on the first \$1,500.00 of sewer utility charges delinquent after due date and 18% per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

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

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on November 22, 2016 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2016	-0-
2015	-0-
2014	-0-

### **Payroll**

A separate bank account is maintained and gross salaries and Borough contributions for withholdings are deposited to such account. The payroll records are reconciled monthly and payment of amounts for net salaries and to agencies are properly accounted for.

### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	4
Unpaid Water-Sewer Utility Charges	5
Information - Taxes	15
Information - Utility	15

### **Investments**

A comprehensive plan of investing any excess cash on a monthly basis is in force. This program of investing funds not being used should be continued with a constant review of the best source for investments.

### **Taxes and Tax Title Liens**

Taxes were analyzed and the cash was in proof with the Borough records. The tax records were in good order.

There were no liens in 2016.

### **Certification of Funds Available**

The Chief Financial Officer certified that funds are available for award of contracts by issuing a purchase order. Other expenditures, where appropriate, are authorized by the Mayor and Council at public meetings after informal review by the Chief Financial Officer as to the availability of funds.

### **Follow-Up on Findings and Recommendations**

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. There were none.

### **Findings and Recommendations**

There were no findings and recommendations.

### **Appreciation**

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

\*\*\*\*\*

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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