

BOROUGH OF ISLAND HEIGHTS

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2015**

**BOROUGH OF ISLAND HEIGHTS
COUNTY OF OCEAN**

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**BOROUGH OF ISLAND HEIGHTS
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Island Heights
County of Ocean
Island Heights, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Island Heights, County of Ocean, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on 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 of Island Heights, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 75.67% and 77.89% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Island Heights, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Borough of Island Heights adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of the Borough of Island Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Island Heights's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

June 21, 2016
Medford, New Jersey

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

The Honorable Mayor and Members
of the Borough Council
Borough of Island Heights
County of Ocean
Island Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Island Heights (herein referred to as “the Borough”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated June 21, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough of Island Heights’s financial statements as of and for the year ended December 31, 2015. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
CR 435

June 21, 2016
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

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

Sheet 1 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	A-4	\$ 2,027,638.23	\$ 1,646,688.43
Cash - Change Fund		50.00	50.00
		<u>2,027,688.23</u>	<u>1,646,738.43</u>
Due from State of New Jersey (Chapter 20, P.L. 1971)	A-4,5	1,576.12	1,671.12
		<u>2,029,264.35</u>	<u>1,648,409.55</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	139,633.61	98,532.90
Tax Title Liens Receivable	A-6	13,131.27	10,508.86
Interfunds:			
Animal Control Trust Fund	B	.49	.03
Payroll Fund	G	8,263.21	
General Capital Fund	C		10.75
Other Trust Fund	B	77.71	5.12
		<u>161,106.29</u>	<u>109,057.66</u>
Deferred Charges:			
Special Emergency Authorizations (N.J.S.A. 40A:4-53)	A-3	24,000.00	36,000.00
		<u>24,000.00</u>	<u>36,000.00</u>
		<u>2,214,370.64</u>	<u>1,793,467.21</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-12	45,744.13	48,325.38
Grants Receivable	A-13	43,833.22	91,727.37
		<u>89,577.35</u>	<u>140,052.75</u>
		<u>\$ 2,303,947.99</u>	<u>\$ 1,933,519.96</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3,11	\$ 402,562.17	\$ 179,059.32
Reserve for Encumbrances	A-3,11	73,963.97	21,932.64
Due to State of New Jersey - Various Fees		75.00	75.00
Prepaid Taxes	A-4,5	64,098.65	49,225.58
Accounts Payable		108,166.61	68,108.50
County Taxes Payable	A-8	5,580.69	655.99
Local District School Tax Payable	A-9	372,862.00	342,612.00
Regional High School Tax Payable	A-10	286,917.62	296,807.33
Interfunds:			
General Capital Fund	C	135,438.08	
Grant Fund	A-12	45,744.13	48,325.38
Utility Capital Fund	D	33,998.00	
Special Emergency Note Payable	A	24,000.00	36,000.00
Various Reserves:			
Police Extra Duty	A	612.00	
Sandy Spending	A	15,478.67	17,373.67
FEMA Revenue	A-4	164,788.20	304,699.99
		<u>1,734,285.79</u>	<u>1,364,875.40</u>
Reserve for Receivables and Other Assets		161,106.29	109,057.66
Fund Balance	A-1	318,978.56	319,534.15
		<u>2,214,370.64</u>	<u>1,793,467.21</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-14	89,577.35	125,407.19
Reserve for Encumbrances	A-14		11,527.81
Unappropriated Reserves	A-15		3,117.75
		<u>89,577.35</u>	<u>140,052.75</u>
		<u>\$ 2,303,947.99</u>	<u>\$ 1,933,519.96</u>

There were deferred school taxes on December 31, 2015 and 2014 of \$805,000.00 (see Note 12).

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 214,050.00	\$ 229,000.00
Miscellaneous Revenue Anticipated	A-2	579,165.19	460,260.05
Receipts from Delinquent Taxes	A-2	98,528.21	138,317.07
Receipts from Current Taxes	A-2	6,078,827.31	6,019,876.63
Non-Budget Revenues	A-2	19,863.97	52,865.06
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	97,989.26	155,167.82
Grant Fund-Cancelled Reserve	A-12	13,293.65	972.20
Total Income		<u>7,101,717.59</u>	<u>7,056,458.83</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		920,139.77	951,492.00
Other Expenses		947,975.04	873,837.00
Deferred Charges and Statutory Expenditures		206,829.18	182,140.00
Budget Appropriations excluded from Caps:			
Operations:			
Other Expenses		103,925.38	88,147.25
Municipal Debt Service		199,368.92	199,116.64
Deferred Charges		12,000.00	47,000.00
	A-3	<u>2,390,238.29</u>	<u>2,341,732.89</u>
County Taxes	A-8	1,428,927.75	1,405,838.81
Local District School Tax	A-9	1,916,882.00	1,856,390.00
Regional High School Tax	A-10	1,148,452.00	1,171,116.00
Grant Fund-Receivables Canceled		3,660.84	
Interfund Advances		62.30	6.47
Total Expenditures		<u>6,888,223.18</u>	<u>6,775,084.17</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
Excess in Revenue		\$ <u>213,494.41</u>	\$ <u>281,374.66</u>
Fund Balance January 1	A	<u>319,534.15</u>	<u>267,159.49</u>
		<u>533,028.56</u>	<u>548,534.15</u>
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>214,050.00</u>	<u>229,000.00</u>
Fund Balance December 31	A	\$ <u><u>318,978.56</u></u>	\$ <u><u>319,534.15</u></u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
	A-1	\$ 214,050.00	\$ 214,050.00	
Fund Balance Anticipated				
<u>Miscellaneous Revenues</u>				
Local Aid:				
Fees and Permits	A-7	5,500.00	15,640.75	10,140.75
Fines and Costs, Municipal Court	A-7	34,000.00	32,449.60	(1,550.40)
Interest and Costs on Taxes	A-7	26,000.00	20,875.00	(5,125.00)
Interest on Investments and Deposits	A-7	500.00	1,097.72	597.72
Beach Fees	A-7	24,300.00	23,582.00	(718.00)
Cable Television Franchise Fees	A-7	26,000.00	26,422.67	422.67
Post Office Lease	A-7	45,000.00	43,199.75	(1,800.25)
Antenna Lease	A-7	50,000.00	104,250.32	54,250.32
Uniform Construction Code Fees	A-7	20,000.00	36,016.00	16,016.00
State Aid:				
Consolidated Municipal Property Tax Act	A-7			
Energy Receipts Tax	A-7	117,407.00	117,405.00	(2.00)
Special Items:				
Federal and State Programs Offset by Revenues:				
Alcohol Education Rehabilitation Fund	A-13	176.80	176.80	
Clean Communities Program	A-13	4,932.58	4,932.58	
Recycling Tonnage Grant	A-13	3,117.00	3,117.00	
Other Special Items:				
Reserve for Insurance Reimbursements		150,000.00	150,000.00	
Total Miscellaneous Revenues	A-1	<u>506,933.38</u>	<u>579,165.19</u>	<u>72,231.81</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Anticipated</u>		Realized	Excess or (Deficit)
Ref.	Budget			
Receipts from Delinquent Taxes	<u>A-1,5</u>	\$ 103,000.00	\$ 98,528.21	\$ (4,471.79)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	1,734,191.86	1,736,756.63	2,564.77
Budget Totals		<u>2,558,175.24</u>	<u>2,628,500.03</u>	<u>70,324.79</u>
Non-Budget Revenues	A-1,4		19,863.97	19,863.97
	Ref.	\$ 2,558,175.24	\$ 2,648,364.00	\$ 90,188.76
	A-3			

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 6,078,827.31
Allocated to School and County Taxes	A-8,9,10	<u>4,494,261.75</u>
Balance for Support of Municipal Budget		
Appropriations		1,584,565.56
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>152,191.07</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	<u><u>\$ 1,736,756.63</u></u>
 <u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
DMV Inspection Fines State of NJ		\$ 205.00
Lavallette Court Room Rental		2,250.00
Ocean County JIF Dividends 2015		4,830.40
Reimbursements		4,686.25
Polling Place Rent		400.00
Pavilion Rental		225.00
Police Special Duty Admin Fee		2,741.00
Recycling		1,570.57
Rebate		1,920.10
Miscellaneous Other		<u>1,035.65</u>
		<u><u>\$ 19,863.97</u></u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>						
General Administration	\$ 13,000.00	\$ 13,000.00	\$ 12,910.87	\$ 89.13	\$	
Other Expenses						
Mayor and Council	20,500.00	20,500.00	17,762.00	2,738.00		
Salaries and Wages	1,500.00	1,500.00	531.00	969.00		
Other Expenses						
Municipal Clerk	77,814.77	54,814.77	53,672.10	1,142.67		
Salaries and Wages	14,000.00	14,000.00	9,011.78	4,988.22		
Other Expenses	500.00	500.00	222.50	277.50		
Advertising Budget						
Elections	500.00	500.00	190.36	309.64		
Other Expenses						
Financial Administration	22,500.00	23,200.00	23,001.80	198.20		
Salaries and Wages	8,500.00	8,500.00	7,518.08	981.92		
Other Expenses	20,000.00	20,000.00	14,650.00	5,350.00		
Audit						
Computerized Data Processing	7,500.00	7,500.00	3,731.81	3,768.19		
Other Expenses						
Collection of Taxes	61,000.00	51,000.00	50,708.18	291.82		
Salaries and Wages	5,700.00	5,700.00	4,570.43	1,129.57		
Other Expenses						
Assessment of Taxes	15,200.00	15,200.00	14,294.25	905.75		
Salaries and Wages	1,000.00	1,000.00	828.88	171.12		
Other Expenses	1,500.00	1,500.00	1,500.00			
Tax Map Revisions						
Legal Services and Costs	40,000.00	40,000.00	17,176.87	22,823.13		
Advertising and Legal Notices	4,000.00	5,000.00	3,831.50	1,168.50		
Other Expenses						
Counsel - Labor	12,000.00	12,000.00	837.00	11,163.00		
Other Expenses						

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

Sheet 2 of 7

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
Engineering Services and Costs						
Other Expenses	\$ 25,000.00	\$ 25,000.00	\$ 12,823.14	\$ 12,176.86	\$	
Municipal Land Use Law (N.J.S. 40:55D-1)						
Planning Board						
Salaries and Wages	6,000.00	6,510.00	6,250.00	260.00		
Other Expenses - Legal	2,000.00	2,000.00	1,417.50	582.50		
Other Expenses - Miscellaneous	750.00	750.00	353.70	396.30		
Insurance						
General Liability	27,500.00	27,500.00	26,500.00	1,000.00		
Other Insurance	27,500.00	27,500.00	25,000.00	2,500.00		
Workers Compensation	62,500.00	62,500.00	57,170.38	5,329.62		
Employee Group Insurance	195,315.04	195,315.04	171,436.04	23,879.00		
Police						
Salaries and Wages	501,200.00	501,200.00	376,041.46	125,158.54		
Other Expenses	38,000.00	38,000.00	20,740.71	17,259.29		
Medical Testing	1,000.00	1,000.00	295.00	705.00		
Crossing Guards and Badge Checkers						
Salaries and Wages	14,300.00	12,490.00	8,817.86	3,672.14		
Other Expenses	250.00	250.00		250.00		
Emergency Management Service						
Salaries and Wages	2,750.00	2,750.00	2,738.00	12.00		
Other Expenses	4,425.00	4,425.00	4,261.36	163.64		
First Aid						
Other Expenses	1,700.00	1,700.00	1,700.00			
Contribution	4,275.00	4,275.00	4,275.00			
Fire Department						
Other Expenses	4,000.00	4,000.00	1,950.00	2,050.00		
Contribution	19,000.00	19,000.00	19,000.00			

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>			<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Prosecutor	\$ 11,300.00	\$	11,300.00	\$ 11,219.78	\$	80.22
Salaries and Wages	700.00		700.00	474.97		225.03
Other Expenses						
Municipal Court						
Salaries and Wages	26,500.00		26,500.00	22,703.79		3,796.21
Other Expenses	3,300.00		3,300.00	2,468.92		831.08
Public Defender						
Salaries and Wages	600.00		600.00			600.00
Other Expenses	250.00		250.00			250.00
Public Buildings, Grounds, Parks, Playgrounds and Beaches						
Salaries and Wages	148,000.00		148,000.00	139,594.39		8,405.61
Other Expenses	50,000.00		50,000.00	41,711.91		8,288.09
Solid Waste Collection						
Contractual	156,000.00		156,000.00	151,345.62		4,654.38
Other Expenses	250.00		250.00			250.00
Recycling						
Other Expenses	5,000.00		5,000.00	2,320.00		2,680.00
Vehicle Maintenance						
Other Expenses	28,500.00		53,500.00	20,123.29		33,376.71
Shade Trees						
Other Expenses	250.00		250.00			250.00
Snow Removal						
Salaries and Wages	10,000.00		10,000.00	10,000.00		
Other Expenses	10,000.00		10,000.00	10,000.00		
Board of Health						
Salaries and Wages	500.00		500.00			500.00
Other Expenses	250.00		250.00	44.75		205.25

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

	<u>Appropriated</u>		<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>			<u>Paid or Charged</u>	<u>Reserved</u>	
Mental Health Program (N.J.S. 40:5-2.9)	\$	10.00	\$	10.00	\$	10.00
Other Expenses						
Environmental Commission						
Other Expenses	1,000.00		1,000.00	645.78		354.22
Dog Regulation						
Other Expenses	1,500.00		1,500.00	400.00		1,100.00
Senior Advisory Committee						
Other Expenses	250.00		250.00			250.00
Beachfront Maintenance						
Salaries and Wages - Lifeguards	4,500.00		4,500.00	4,460.75		39.25
Other Expenses	4,000.00		4,000.00	1,757.33		2,242.67
Recreation						
Salaries and Wages	2,000.00		2,000.00			2,000.00
Other Expenses	4,200.00		4,200.00	1,357.48		2,842.52
Participation in Free County Library	500.00		500.00	500.00		
Salary Settlements and Adjustments	5,000.00		5,000.00			5,000.00
Deferred Sick Time	5,000.00		5,000.00	5,000.00		
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.S.A. 5:23-4.17)</u>						
Code Enforcement and Zoning						
Salaries and Wages	6,500.00		6,500.00	5,617.06		882.94
Other Expenses	250.00		250.00	248.90		1.10
Construction Code Official						
Salaries and Wages	12,375.00		12,475.00	12,374.56		100.44
Other Expenses	100.00		100.00			100.00
Fire Official						
Salaries and Wages	5,100.00		5,100.00	4,955.86		144.14
Other Expenses	250.00		250.00	70.16		179.84

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Unclassified</u>					
Utilities:					
Gasoline	\$ 26,000.00	26,000.00	\$ 10,463.85	\$ 15,536.15	\$
Electricity	25,000.00	28,000.00	18,251.78	9,748.22	
Telephone	15,000.00	18,500.00	16,356.59	2,143.41	
Natural Gas	15,000.00	15,000.00	5,161.75	9,838.25	
Street Lighting	19,000.00	20,000.00	17,448.23	2,551.77	
Total Operations within Caps	<u>1,868,114.81</u>	<u>1,868,114.81</u>	<u>1,494,797.06</u>	<u>373,317.75</u>	
Detail:					
Salaries and Wages	948,639.77	920,139.77	764,211.84	155,927.93	
Other Expenses	919,475.04	947,975.04	730,585.22	217,389.82	
<u>DEFERRED CHARGES WITHIN CAPS</u>					
Prior Year Bills					
2012 - Blue Line Emergency Lighting	790.98	790.98	790.98		494.25
2012 - A.C. Hesse, LLC	494.25	494.25			15,160.55
Deficit in Water-Sewer Utility	15,160.55	15,160.55			15,654.80
Total Deferred Charges within Caps	<u>16,445.78</u>	<u>16,445.78</u>	<u>790.98</u>		
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees' Retirement System	50,389.00	50,389.00	50,389.00		
Social Security System (O.A.S.I.)	80,000.00	80,000.00	60,464.67	19,535.33	
Police and Firemen's Retirement System	61,783.00	61,783.00	61,783.00		
Unemployment Compensation Insurance	4,000.00	4,000.00	3,037.41	962.59	
Defined Contribution Retirement Program	200.00	200.00		200.00	
Public Employees' Retirement System - Retro	9,666.20	9,666.20	9,666.20		
Total Statutory Expenditures within Caps	<u>206,038.20</u>	<u>206,038.20</u>	<u>185,340.28</u>	<u>20,697.92</u>	
Total Appropriations within Caps	<u>2,090,598.79</u>	<u>2,090,598.79</u>	<u>1,680,928.32</u>	<u>394,015.67</u>	<u>15,654.80</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 7

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Shared Services					
Toms River Township-Financial Services	\$ 10,000.00	\$ 10,000.00	\$ 7,252.50	\$ 2,747.50	\$
South Toms River-Professional Services Clerk	40,000.00	40,000.00	40,000.00		
Employee Group Health	5,699.00	5,699.00		5,699.00	
Length of Service Awards Program (LOSAP)	30,000.00	30,000.00	29,900.00	100.00	
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities Grant	4,932.58	4,932.58	4,932.58		
Alcohol Education Rehabilitation Fund	176.80	176.80	176.80		
Recycling Tonnage Grant	3,117.00	3,117.00	3,117.00		
Total Operations excluded from Caps	<u>93,925.38</u>	<u>93,925.38</u>	<u>85,378.88</u>	<u>8,546.50</u>	
Detail:					
Other Expenses	93,925.38	93,925.38	85,378.88	8,546.50	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	108,000.00	108,000.00	108,000.00		
Interest on Bonds	36,585.00	36,585.00	36,585.00		
Interest on Notes	5,175.00	5,175.00	5,150.25		24.75
Loan Repayments for Principal and Interest					
Principal	29,850.00	29,850.00	29,826.25		23.75
Interest	7,500.00	7,500.00	7,483.66		16.34
Capital Lease Obligations Approved After 7/1/2007					
Principal	10,800.00	10,800.00	10,800.00		
Interest	1,550.00	1,550.00	1,523.76		26.24
Total Municipal Debt Service excluded from Caps	<u>199,460.00</u>	<u>199,460.00</u>	<u>199,368.92</u>		<u>91.08</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Paid or Charged</u>	<u>Balance Cancelled</u>
	<u>Budget After Modification</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>			
Emergency Authorizations			
Special Emergency Authorizations - 3 Years (N.J.S.A. 40A:4-55)	\$ 12,000.00	\$ 12,000.00	\$
Total General Appropriations excluded from Caps	<u>315,385.38</u>	<u>306,747.80</u>	<u>91.08</u>
Subtotal General Appropriations	2,405,984.17	1,987,676.12	15,745.88
Reserve for Uncollected Taxes	<u>152,191.07</u>	<u>152,191.07</u>	
Total General Appropriations	<u>\$ 2,558,175.24</u>	<u>\$ 2,139,867.19</u>	<u>\$ 15,745.88</u>
Adopted Budget	A-3	A-3	A-1
	<u>\$ 2,558,175.24</u>	A	
Disbursements		\$ 1,893,485.77	
Interfunds:			
Grant Fund		8,226.38	
Special Emergency Authorizations:			
Raised in Budget		12,000.00	
Reserve for Encumbrances		73,963.97	
Reserve for Uncollected Taxes		<u>152,191.07</u>	
		<u>\$ 2,139,867.19</u>	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B

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

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>183.95</u>	\$ <u>677.49</u>
		<u>183.95</u>	<u>677.49</u>
<u>Other Trust Fund</u>			
Cash	B-1	<u>134,562.80</u>	<u>120,992.43</u>
		<u>134,562.80</u>	<u>120,992.43</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-6	<u>419,194.62</u>	<u>428,519.46</u>
		<u>\$ 553,941.37</u>	<u>\$ 550,189.38</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund Expenditures	B-3	\$ 183.46	\$ 677.46
Interfund - Current Fund	A,B-4	.49	.03
		<u>183.95</u>	<u>677.49</u>
<u>Other Trust Fund</u>			
Interfund - Current Fund	A,B-4	77.71	5.12
Miscellaneous Reserves	B-5	<u>134,485.09</u>	<u>120,987.31</u>
		<u>134,562.80</u>	<u>120,992.43</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-6	<u>419,194.62</u>	<u>428,519.46</u>
		<u>\$ 553,941.37</u>	<u>\$ 550,189.38</u>

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

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2	\$ 239,022.21	\$ 248,148.84
Deferred Charges to Future Taxation:			
Capital Lease Obligations (Memo)	C	43,724.61	43,724.61
Funded	C-4	1,539,776.20	1,677,602.45
Unfunded	C-5	776,977.21	797,098.08
Interfund - Current Fund		135,438.08	
Grants Receivable	C-11	174,855.86	309,671.31
		<u>\$ 2,909,794.17</u>	<u>\$ 3,076,245.29</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-6	\$ 82,579.36	\$ 72,579.36
Improvement Authorizations:			
Funded	C-7	217,996.25	405,901.33
Unfunded	C-7	335,998.06	360,502.79
Reserve for Encumbrances	C-7	11,610.92	13,338.23
General Serial Bonds	C-8	1,188,000.00	1,296,000.00
Green Trust Loan Payable	C-9	351,776.20	381,602.45
Bond Anticipation Notes	C-10	609,000.00	434,000.00
Capital Lease Obligations (Memo)	C	43,724.61	43,724.61
Interfund - Current Fund	A		10.75
Reserve for Benches	C-3	19,166.00	19,166.00
Reserve for Pavers	C-3	1,909.00	1,386.00
Fund Balance	C-1	48,033.77	48,033.77
		<u>\$ 2,909,794.17</u>	<u>\$ 3,076,245.29</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$195,920.16 and \$390,937.30, respectively (Schedule C-12).

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2015 and 2014	<u>Ref.</u> C	\$ <u>48,033.77</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER=SEWER UTILITY FUND

Exhibit D

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Operating Fund:			
Cash	D-5	\$ 203,426.95	\$ 60,812.80
Interfunds:			
Water-Sewer Utility Capital Fund	D-3, 5	107.20	12.43
		<u>203,534.15</u>	<u>60,825.23</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	18,621.94	17,280.16
Deferred Charge:			
Operating Deficit	D-1		39,152.43
Total Operating Fund		<u>222,156.09</u>	<u>117,257.82</u>
Capital Fund:			
Cash	D-5	148,848.42	294,931.30
Investment in Special Emergency Note -			
Current Fund	D-6	24,000.00	36,000.00
NJ Environmental Infrastructure Loan Receivable	D-6	730,698.30	854,998.30
Fixed Capital	D-8	3,771,261.95	3,771,261.95
Fixed Capital Authorized and Uncompleted	D-9	5,461,558.12	5,461,558.12
Interfunds:			
Current Fund	D-11	33,998.00	
Total Capital Fund		<u>10,170,364.79</u>	<u>10,418,749.67</u>
		<u>\$ 10,392,520.88</u>	<u>\$ 10,536,007.49</u>
<u>Liabilities and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,10	\$ 58,254.76	\$ 10,474.58
Reserve for Encumbrances	D-4,10	21,219.34	11,451.76
Prepaid Rents	D-5,7	2,689.73	2,828.84
Accounts Payable	D		755.05
Accrued Interest on Notes and Loans	D-11	43,525.87	46,311.00
		<u>125,689.70</u>	<u>71,821.23</u>
Reserve for Receivables and Other Assets		18,621.94	17,280.16
Fund Balance	D-1	77,844.45	28,156.43
Total Operating Fund		<u>222,156.09</u>	<u>117,257.82</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER=SEWER UTILITY FUND

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Exhibit D

RESERVES AND FUND BALANCE - REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Capital Fund:			
Interfund - Water-Sewer Utility Operating Fund	D-5	\$ 107.20	\$ 12.43
Improvement Authorizations:			
Funded	D-14	938,224.28	1,062,135.44
Unfunded	D-14	53,586.37	62,268.22
Reserve for Encumbrances	D-14	18,937.58	137,205.49
Capital Improvement Fund	D-12	33,460.00	36,750.00
Reserve for Amortization	D-13	3,303,172.18	3,249,717.75
Reserve for Deferred Amortization	D-15	1,196,020.23	968,536.36
Utility Serial Bonds	D-16	550,000.00	601,000.00
NJ Environmental Infrastructure:			
Trust Loan	D-17	135,000.00	145,000.00
Fund Loan	D-18	109,570.84	119,882.03
Trust Loan	D-19	1,950,000.00	2,035,000.00
Fund Loan	D-20	1,869,406.82	1,994,033.93
Fund Balance	D-2	12,879.29	7,208.02
Total Capital Fund		<u>10,170,364.79</u>	<u>10,418,749.67</u>
		<u>\$ 10,392,520.88</u>	<u>\$ 10,536,007.49</u>

The fixed capital reported is as taken from municipal records and does not necessarily reflect the true condition of such fixed capital.

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$119,650.00 (Exhibit D-21).

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-1

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$	\$ 96,000.00
Rents	D-3	1,022,779.13	887,483.17
Miscellaneous Revenue Anticipated	D-3	33,601.32	5,227.71
Water Tower Antenna Lease	D-3	37,536.84	37,536.84
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-10	9,441.41	9,829.40
Account Payable Canceled		755.05	
Total Income		<u>1,104,113.75</u>	<u>1,036,077.12</u>
<u>Expenditures</u>			
Budget:			
Operating		611,465.00	654,580.00
Debt Service		403,808.30	409,149.55
Deferred Charges and Statutory Expenditures		39,152.43	11,500.00
Total Expenditures	D-4	<u>1,054,425.73</u>	<u>1,075,229.55</u>
Excess in Revenue		<u>49,688.02</u>	
Operating Deficit to be Raised in Budget of Succeeding Year	D		<u>(39,152.43)</u>
Statutory Excess to Fund Balance		49,688.02	
Fund Balance January 1	D	<u>28,156.43</u>	<u>124,156.43</u>
		77,844.45	124,156.43
Decreased by:			
Utilization by Water-Sewer Operating Fund	D-1		<u>96,000.00</u>
Fund Balance December 31	D	<u>\$ 77,844.45</u>	<u>\$ 28,156.43</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-2

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2014	<u>Ref.</u> D	\$ <u>7,208.02</u>
Increased by:		
Funded Improvement Authorizations - Cancelled	D-14	<u>5,671.27</u> <u>12,879.29</u>
Balance December 31, 2015	D	\$ <u>12,879.29</u>

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-3

STATEMENT OF REVENUES - OPERATING FUND

REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	\$ 887,480.00	\$ 887,480.00	\$
Miscellaneous	5,410.00	33,601.32	28,191.32
Water Tower Antenna Lease	37,530.00	37,536.84	6.84
Increased Fees	110,000.00	135,299.13	25,299.13
Deficit General (Budget)	<u>15,160.55</u>		<u>(15,160.55)</u>
	<u>\$ 1,055,580.55</u>	<u>\$ 1,093,917.29</u>	<u>\$ 38,336.74</u>
	<u>Ref.</u>	D-4	
<u>Analysis of Miscellaneous</u>			
Receipts	D-5	\$ 33,506.55	
Interfund	D	<u>94.77</u>	
		<u>\$ 33,601.32</u>	

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - OPERATING FUND - REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
			<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Salaries and Wages	\$ 125,000.00	\$ 125,000.00	\$ 119,958.87	\$ 5,041.13	\$
Other Expenses	165,565.00	165,565.00	161,023.63	4,541.37	
Ocean County Utilities Authority	245,000.00	245,000.00	205,746.00	39,254.00	
Insurance	57,000.00	57,000.00	57,000.00		
Engineering	8,000.00	8,000.00		8,000.00	
Capital Improvements					
Capital Improvement Fund	1,000.00	1,000.00			1,000.00
Debt Service					
Payment of Bond Principal	51,000.00	51,000.00	51,000.00		
Interest on Bonds	16,780.00	16,780.00	16,780.00		
Infrastructure Loan:					
Principal	20,315.00	20,315.00	20,311.19		3.81
Interest	6,090.00	6,090.00	6,090.00		
New Jersey Infrastructure Trust Loans:					
Principal	209,650.00	209,650.00	209,627.11		22.89
Interest	100,000.00	100,000.00	100,000.00		
Statutory Expenditures					
Contribution to Social Security System	10,000.00	10,000.00	8,584.07	1,415.93	
Unemployment Compensation Insurance	900.00	900.00	897.67	2.33	
Deficits in Operation in Prior Years	39,280.55	39,280.55	39,152.43		128.12
	<u>\$ 1,055,580.55</u>	<u>\$ 1,055,580.55</u>	<u>\$ 996,170.97</u>	<u>\$ 58,254.76</u>	<u>\$ 1,154.82</u>
Ref.	D-3	D-1		D	D-1
Reserve for Encumbrances			\$ 21,219.34		
Disbursements			893,482.34		
Accrued Interest on Loans and Notes			42,316.86		
Deficits in Operation in Prior Years Raised			39,152.43		
			<u>\$ 996,170.97</u>		

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

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ <u>10,258.78</u>	\$ <u>21,500.43</u>
<u>Liabilities</u>		
Payroll Liabilities	\$ 1,995.57	\$ 21,500.43
Interfund - Current Fund	<u>8,263.21</u>	<u> </u>
Total Payroll Fund	\$ <u>10,258.78</u>	\$ <u>21,500.43</u>

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

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE STATEMENT OF ASSETS AND RESERVES

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Land	\$ 183,483.00	\$ 183,483.00
Buildings and Improvements	1,340,350.00	1,340,350.00
Equipment and Machinery	<u>1,833,989.00</u>	<u>1,833,989.00</u>
	<u>\$ 3,357,822.00</u>	<u>\$ 3,357,822.00</u>
<u>Reserves</u>		
Investment in Fixed Assets	<u>\$ 3,357,822.00</u>	<u>\$ 3,357,822.00</u>

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

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**BOROUGH OF ISLAND HEIGHTS
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements No. 39 and 61, 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 2015.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2015 is set forth in Note 8.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2015 is set forth in Note 4.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior to 2000 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 2000 are recorded at cost. Capital leases are not reported in the General Fixed Assets Account Group as required by GAAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

Fixed assets used in governmental operations (general fixed assets) are required to be 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.

GAAP does not require utilization of a general fixed asset account group.

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

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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.

Property and equipment purchased by the Water-Sewer 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 fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer utility Statement of Operations.

During 2013 the Borough contracted with an outside vendor in order to establish a fixed asset inventory. There was no change to the Borough’s asset inventory during 2015. The estimated historic value of the Borough’s fixed assets at 2015 and 2014 are as follows:

	Balance <u>Jan. 1, 2015</u>	Balance <u>Dec. 31, 2015</u>
General Fixed Assets Account Group:		
Land	\$ 183,483	\$ 183,483
Building	1,340,350	1,340,350
Equipment	1,833,989	1,833,989
Water-Sewer Utility Fund:		
Fixed Capital	3,771,262	3,771,262
Fixed Capital Authorized and Uncompleted	<u>5,461,558</u>	<u>5,461,558</u>
	<u>\$ 12,590,642</u>	<u>\$ 12,590,642</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	Balance Jan. 1, 2014	Balance Dec. 31, 2014
General Fixed Assets Account Group:		
Land	\$ 183,483	\$ 183,483
Building	1,340,350	1,340,350
Equipment	1,833,989	1,833,989
Water-Sewer Utility Fund:		
Fixed Capital	3,771,262	3,771,262
Fixed Capital Authorized and Uncompleted	<u>5,461,558</u>	<u>5,461,558</u>
	<u>\$ 12,590,642</u>	<u>\$ 12,590,642</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented 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.

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.

F. Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Borough implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27). The implementation of the Statement requires the Borough to disclose its portion of the collective net pension liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police Firemen’s Retirement System (PFRS).

G. Subsequent Events

The Borough has evaluated subsequent events occurring after December 31, 2015 through the date of June 21, 2016, which is the date the financial statements were available to be issued.

NOTE 2. 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 funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end, the carrying amount of the Borough’s deposits was \$2,763,991.34 the bank balance amount was \$2,801,255. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey’s Governmental Unit Deposit Protection Act covered \$2,301,255.

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 or obligations guaranteed by the United States.
- (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 is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (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 investments.

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

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had \$24,000 in investments in qualified securities at December 31, 2015.

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 and 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 as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured:		
FDIC	\$ 500,000	\$ 500,000
GUDPA	<u>2,301,255</u>	<u>1,939,992</u>
	\$ <u>2,801,255</u>	\$ <u>2,439,992</u>

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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 3. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid.

A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

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

General Capital Fund

2.00% to 2.50% General Improvement Bonds, Series 2011 issued November 30, 2011 for \$1,623,000, installment maturities to November 30, 2021. (Term bond due November 30, 2026).

Debt service requirements during the next five fiscal years and thereafter are as follows:

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund (Continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 108,000	\$ 34,425
2017	108,000	32,265
2018	108,000	30,105
2019	108,000	27,945
2020	108,000	25,515
2021-2025	108,000	103,950
2026	<u>540,000</u>	<u>20,250</u>
	\$ <u>1,188,000</u>	\$ <u>274,455</u>

Green Trust Loan Program

The Borough has a low interest (2%) loan under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$600,000 loan for the River Avenue Boardwalk was finalized on June 27, 2007. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through 2026.

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 30,426	\$ 6,884
2017	31,037	6,273
2018	31,661	5,649
2019	32,298	5,012
2020	32,947	4,363
2021-25	174,937	11,612
2026	<u>18,470</u>	<u>185</u>
	\$ <u>351,776</u>	\$ <u>39,978</u>

Water-Sewer Utility Capital Fund

2.00% to 2.50% General Improvement Bonds, Series 2011 issued November 30, 2011 for \$754,000, installment maturities to November 30, 2021. (Term bond due November 30, 2026).

The bonds mature serially in installments to the year 2021. Debt service requirements during the next five fiscal years and thereafter are as follows:

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund (Continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 51,000	\$ 15,844
2017	51,000	14,824
2018	51,000	13,804
2019	51,000	12,784
2020	51,000	11,636
2021-2025	51,000	47,025
2026	<u>244,000</u>	<u>9,150</u>
	\$ <u>550,000</u>	\$ <u>125,067</u>

The Borough has four loans with the New Jersey Infrastructure Program to fund utility upgrades. The New Jersey Infrastructure Fund Loans amounting to \$198,500 and \$2,451,000 are payable semi-annually till 2026 and 2030, respectively, with no interest. The New Jersey Infrastructure Trust Loans amounting to \$205,000 and \$2,275,000 are payable semi-annually commencing in 2008 till 2026 and 2013 till 2030, respectively. Interest rates vary between 4% to 5% for the loan in the amount of \$205,000. The interest rate for the second Trust Loan is 5%. The loan proceeds were received in 2007 for the first Trust and Fund Loans issued. To date the Borough has received partial funding from the Trust and Fund Loans that closed during 2011.

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 234,622	\$ 103,294
2017	239,305	98,294
2018	244,052	93,144
2019	248,799	87,744
2020	253,546	82,094
2021-2025	1,385,620	314,688
2026-2030	<u>1,458,034</u>	<u>125,135</u>
	\$ <u>4,063,978</u>	\$ <u>904,393</u>

B. Short-Term Debt

General Capital Fund

On December 31, 2015, the Borough's outstanding bond anticipation notes were as follows:

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund (Continued)

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
00-02, 05-04	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos	\$ 313,250	0.73%
01-08	Improvements to Recreation Facilities	18,000	0.73%
05-10	Renovation and Repair to Police/Emergency Management Building	3,000	0.73%
06-06	Handicapped Ramps and Oak Avenue Road Improvements	13,500	0.73%
07-09	Paving and Repair of Gilford Avenue	21,000	0.73%
07-11	Installation of Bulkheads at Long Point and Simpson Avenues	142,500	0.73%
08-06	Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue	8,000	0.73%
08-08	Replacement of HVAC Systems at Borough Hall and Court	14,250	0.73%
09-01	Construction of Curbs, Driveway Aprons and Paving on Ensor Place and Jackson Avenue	17,500	0.73%
10-02	NJDOT Improvements to Summit Avenue	5,000	0.73%
12-04	NJDOT Improvements to Summit Avenue Beach Parking Lot	16,142	0.73%
13-01	NJDOT Improvements to Cedar Avenue	<u>36,858</u>	0.73%
		\$ <u>609,000</u>	

C. Bonds and Notes Authorized but not Issued

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

	<u>2015</u>	<u>2014</u>
General Capital Fund	\$ 195,920	\$ 390,937
Water-Sewer Utility Capital Fund	119,650	119,650

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2015 was .68%. The Borough's remaining borrowing power is 2.82%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

NOTE 3. DEBT (CONTINUED)

E. Summary of Debt Activity

During 2015 and 2014 the following changes occurred in the outstanding debt of the Borough:

	Balance Jan. 1, 2015	Issued	Retired	Balance Dec. 31, 2015	Due Within One Year
General Debt:					
Serial Bonds	\$ 1,296,000	\$	\$ 108,000	\$ 1,188,000	\$ 108,000
Bond Anticipation Notes	434,000	175,000		609,000	609,000
Green Trust Loan	381,602		29,826	351,776	30,426
Special Emergency Note	36,000		12,000	24,000	12,000
Water Utility Fund Debt:					
Serial Bonds	601,000		51,000.00	550,000	51,000
NJEIT	4,293,916		229,938	4,063,978	234,622
Other:					
Compensated Absences	114,153		14,245	99,908	
	<u>\$ 7,156,671</u>	<u>\$ 175,000</u>	<u>\$ 433,009</u>	<u>\$ 6,886,662</u>	<u>\$ 1,045,048</u>

	Balance Jan. 1, 2014	Issued	Retired	Balance Dec. 31, 2014	Due Within One Year
General Debt:					
Serial Bonds	\$ 1,404,000	\$	\$ 108,000	\$ 1,296,000	\$ 108,000
Bond Anticipation Notes	264,000	170,000		434,000	434,000
Green Trust Loan	410,841		29,239	381,602	29,826
Special Emergency Note	48,000		12,000	36,000	12,000
Water Utility Fund Debt:					
Serial Bonds	652,000		51,000	601,000	51,000
NJEIT	4,524,171		230,255	4,293,916	229,938
Other:					
Compensated Absences	109,337	4,816		114,153	
	<u>\$ 7,364,349</u>	<u>\$ 174,816</u>	<u>\$ 418,494</u>	<u>\$ 7,156,671</u>	<u>\$ 852,764</u>

<u>Issued</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Bonds, Loans and Notes	\$ 2,148,776	\$ 2,111,602	\$ 2,078,841
Water/Sewer Utility Capital Bonds, Loans and Notes	4,613,978	4,894,916	5,176,171
Total Debt Issued	<u>6,762,754</u>	<u>7,006,518</u>	<u>7,255,012</u>
Authorized But Not Issued			
General Bonds and Notes	195,920	390,937	461,782
Water/Sewer Utility Bond and Notes	119,650	119,650	119,650
Total Authorized But Not Issued	<u>315,570</u>	<u>510,587</u>	<u>581,432</u>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 7,078,324</u>	<u>\$ 7,517,105</u>	<u>\$ 7,836,444</u>

NOTE 3. DEBT (CONTINUED)

E. Summary of Debt Activity

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

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 0.678%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional High School District	\$ 158,883	\$ 158,883	\$ -
Local School District Debt	473,000	473,000	-
Water & Sewer Utility Debt	4,733,628	4,733,628	-
General Debt	2,344,696	-	2,344,696
	<hr/>		
Total	\$ 7,710,207	\$ 5,365,511	\$ 2,344,696
	<hr/> <hr/>		

Net Debt, \$2,344,696 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$345,882,919 equals 0.678%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 12,105,902
Net Debt	<u>2,344,696</u>
Remaining Borrowing Power	<u><u>\$ 9,761,206</u></u>

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

Cash Receipts From Fees, Rents & Other Charges	<u>\$ 1,093,917</u>
Deductions:	
Operating & Maintenance Costs	\$ 592,363
Debt Service per Water & Sewer Utility Operating Fund	<u>403,808</u>
	996,171
Excess Revenue - Self Liquidating	<u><u>\$ 97,746</u></u>

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$99,908 and \$114,153 at December 31, 2015 and 2014, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the proposed municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	\$ 225,000	\$ 214,050
Water-Sewer Utility Operating Fund	40,575	-0-

NOTE 6. PROPERTY TAXES

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

Comparison of Tax Rate Information

	2015	2014	2013
Total Tax Rate	<u>\$1.804</u>	<u>\$1.775</u>	<u>\$1.728</u>
Apportionment of Tax Rate:			
Municipal	0.502	0.493	0.472
County	0.414	0.406	0.396
Local School	0.556	0.537	0.527
Regional High School	0.332	0.339	0.333

Net Valuation Taxable:

2015	<u>\$ 345,132,255</u>
2014	<u>\$ 345,819,625</u>
2013	<u>\$ 345,958,568</u>

NOTE 6. PROPERTY TAXES (CONTINUED)

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2015	\$ 6,250,504	\$ 6,078,827	97.25%
2014	6,141,168	6,019,877	98.02%
2013	5,982,052	5,818,612	97.27%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2015	\$ 13,131	\$ 139,634	\$ 152,765	2.44%
2014	10,509	98,533	109,042	1.78%
2013	7,932	138,317	146,249	2.44%

NOTE 7. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2015</u>	<u>2014</u>
Prepaid Taxes	\$ 64,099	\$ 49,267
Prepaid Water-Sewer Charges	2,690	2,829

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 (the “Board”) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Regional and Local School Districts, and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (the “Collector”) on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year’s tax. The preliminary payments are due and payable on February 1st and May 1st. The 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 delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to “Tax Sale” which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 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.

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015 the following deferred charge is reflected on the balance sheet of the Current Fund:

	Balance
	<u>Dec. 31, 2015</u>
Current Fund:	
Special Emergency Authorizations:	
(N.J.S. 40A:4-55):	
Hurricane Sandy	\$ 24,000

NOTE 10. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before reaching 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

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015 and 2014, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2013 and will be adjusted by the rate of return on the actuarial value of assts.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2015	\$ 50,389	100%	\$ 1,342,548
2014	53,759	100%	1,144,392
2013	47,060	100%	1,224,595

Components of Net Pension Liability - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability is valued to be \$1,342,548. The net pension liability was measured as of June 30, 2015. 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, 2014, to the measurement date of June 30, 2015. 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, 2015. The Borough's proportion measured as of December 31, 2015, was .00598%, which was a decrease of .00013% from its proportion measured as of December 31, 2014.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Components of Net Pension Liability (Continued)

Collective Balances at December 31, 2015 and December 31, 2014

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 176,207	\$ 35,986
Deferred Inflows of Resources	81,382	115,852
Net Pension Liability	1,342,548	1,144,392
Borough's Portion of the Plans Total Net Pension Liability	0.00598%	0.00611%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2015, the Borough had an allocated pension expense of \$84,549. At December 31, 2015, the Borough's allocation of deferred outflows of resources and deferred inflows of resources related to PERS are from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,028	\$ -
Changes of assumptions	144,179	-
Net difference between projected and actual earnings on pension plan investments	-	21,586
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	59,796
Borough contributions subsequent to the measurement date	<u>51,418</u>	<u>-</u>
Total	\$ <u>227,625</u>	\$ <u>81,382</u>

The \$51,418 allocation of deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2015, the plan measurement date is June 30, 2015) will be included as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>
2016	\$ 14,529
2017	14,529
2018	14,529
2019	14,529
2020	14,529
Thereafter	22,180

Actuarial Assumptions - The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Measurement date	<u>PERS</u> June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	<u>4.25%</u>	5.12%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>Rate</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 1,573,454	\$ 1,342,548	\$ 1,149,709

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

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

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

The following represent membership tiers for PFRS:

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

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

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on a actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015 and 2014, the State’s pension contribution was less than the actuarial determined amount. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability, Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PFRS

<u>Year</u>	<u>Pension</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Cost (APC)</u>	<u>of APC</u>	<u>Pension</u>
		<u>Contributed</u>	<u>Obligation</u>
2015	\$ 61,783	100%	\$ 1,545,652
2014	50,563	100%	1,011,853
2013	48,978	100%	850,240

Special Funding Situation - Under *N.J.S.A. 43:1A-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 not no pension liability for 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-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

C. Police and Firemen’s Retirement System (PFRS) (Continued)

Components of Net Pension Liability - At December 31, 2015, the Borough’s proportionate share of the PFRS net pension liability is valued to be \$1,545,652. The net pension liability was measured as of June 30, 2105. 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, 2014, to the measurement date of June 30, 2015. 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 2015. The Borough’s proportion measures as of December 31, 2015, was .00928%, which was an increase of .00124% from its proportion measures as of December 31, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 568,999	\$ 221,602
Deferred Inflows of Resources	40,233	103,256
Net Pension Liability	1,545,652	1,011,853
Borough’s Portion of the Plans Total Net Pension Liability	0.00928%	0.00804%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2015, the Borough recognized pension expense of \$198,806. At December 31, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,332
Changes of assumptions	285,366	-
Net difference between projected and actual earnings on pension plan investments	-	26,901
Changes in proportion and differences between Borough contributions and proportionate share of contributions	283,633	-
Borough contributions subsequent to the measurement date	<u>75,429</u>	<u>-</u>
	\$ <u>644,428</u>	\$ <u>40,233</u>

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

The \$75,429 allocation of deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2015, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended December 31</u>	<u>PERS</u>
2016	\$ 95,102
2017	95,102
2018	95,102
2019	95,102
2020	95,102
Thereafter	53,256

Actuarial Assumptions - The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	<u>4.25%</u>	5.12%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 10. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Borough’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

	Decrease <u>(4.79%)</u>	Discount Rate <u>(5.79%)</u>	Increase <u>(6.79%)</u>
Borough’s Proportionate Share of the Net Pension Liability	\$ 2,003,804	\$ 1,545,652	\$ 1,172,230

C. Defined Contribution 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 Borough’s contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

There were no Borough employees enrolled in the DCRP for the years ended December 31, 2015, 2014 and 2013.

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

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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. 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. 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.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Plan Description (Continued)

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. In 2008, the Borough authorized participation in the SHPB’s post-retirement benefit program through Resolution Number 55-2. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits 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, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions.

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 health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis

The Borough contributions to SHBP for the years ended December 31, 2015 and 2014 were \$43,113 and \$25,351, respectively, which equaled the required contributions for each year. There were two retired participants eligible at December 31, 2015 and 2014.

NOTE 12. SCHOOL TAXES

Regional and Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Regional District School Tax</u>		<u>Local District School Tax</u>	
	<u>Balance December 31</u>		<u>Balance December 31</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Balance of Tax	\$ 536,918	\$ 546,807	\$ 927,862	\$ 897,612
Deferred	<u>250,000</u>	<u>250,000</u>	<u>555,000</u>	<u>555,000</u>
Tax Payable	\$ <u>286,918</u>	\$ <u>296,807</u>	\$ <u>372,862</u>	\$ <u>342,612</u>

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 14. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Borough estimates that no material liabilities will result from such audits.

Major Tax Assessments

Taxpayers in 2015 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Assessed Value</u>	<u>Block/Lot</u>	<u>% of Value</u>
FLM Marine	\$ 4,100,000	38.02/4.01	1.19%

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

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

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

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2015:

	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 8,341.41	\$ 215,180.21
Grant Fund	45,744.13	-
Animal Control Trust	-	0.49
Trust Other	-	77.71
General Capital Fund	135,438.08	-
Utility Operating Fund	107.20	-
Utility Capital Fund	33,998.00	107.20
Payroll Fund	-	8,263.00
	<u>\$ 223,628.82</u>	<u>\$ 223,628.61</u>

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED

The Borough has established a Volunteer Length of Service Award Plan (“LOSAP”) (“Plan”) to ensure retention of the Borough’s volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code”.

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

Appropriations - Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget, commencing with the year 2002.

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

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

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

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED
(CONTINUED)

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

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

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

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

NOTE 17. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes, sewer rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs. Accounts receivable as of fiscal year end for the Borough’s individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Utility Operating Fund	Utility Capital Fund	Total
State Aid	\$ -	\$ 43,833.22	\$ 174,855.86	\$ -	\$ 730,698.30	\$ 949,387.38
Taxes	152,764.88	-	-	-	-	152,764.88
Sewer Rents	-	-	-	18,621.94	-	18,621.94
Total	\$ 152,764.88	\$ 43,833.22	\$ 174,855.86	\$ 18,621.94	\$ 730,698.30	\$ 1,120,774.20

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2014		\$ 1,646,688.43
Increased by Receipts:		
Taxes Receivable	\$ 6,110,629.94	
Prepaid Taxes	64,098.65	
Revenue Accounts Receivable	420,699.04	
Miscellaneous Revenue not Anticipated	19,863.97	
Interfunds:		
General Capital Fund	135,615.45	
Grant Fund	50,684.63	
Trust Other	168,832.98	
Utility Capital	21,998.00	
Due from State of New Jersey (Ch. 20, P.L. 1971)	17,595.00	
Due to State - Various Fees	4,345.00	
Reserve for Police Extra Duty	10,647.00	
Hurricane Sandy-Revenue Reserve	10,088.21	
	<u>7,035,097.87</u>	<u>7,035,097.87</u>
		<u>8,681,786.30</u>
Decreased by Disbursements:		
2015 Budget Appropriations	1,893,485.77	
County Taxes	1,424,003.05	
Local District School Tax	1,886,632.00	
Regional High School Tax	1,158,341.71	
2014 Appropriation Reserves	60,576.79	
Interfunds:		
Grant Fund	43,633.07	
Trust Other	168,832.88	
Accounts Payable	2,367.80	
Due to State - Various Fees	4,345.00	
Reserve for Police Extra Duty	10,035.00	
Hurricane Sandy-Spending Reserves	1,895.00	
	<u>6,654,148.07</u>	<u>6,654,148.07</u>
Balance December 31, 2015		<u><u>\$ 2,027,638.23</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2014	2015 Levy	Collections		Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2015
			By Cash	Ch. 20, P.L. 1971			
2014	\$ 98,532.90	\$	2015	2014	\$	\$	\$ 4.69
2015		6,250,503.68	\$ 98,528.21	\$ 49,225.58	29,428.04	2,619.41	139,628.92
	\$ 98,532.90	\$ 6,250,503.68	\$ 6,110,629.94	\$ 49,225.58	\$ 29,428.04	\$ 2,619.41	\$ 139,633.61

Analysis of 2015 Property Tax Yield and Tax Levy

Tax Yield:

General Purpose Tax
Added and Omitted Taxes

\$ 6,226,186.04
24,317.64

\$ 6,250,503.68

Tax Levy:

Local District School Tax
Regional High School Tax
County Taxes:

\$ 1,916,882.00
1,148,452.00

General County Tax
County Library Tax
County Health Tax
County Open Space Tax
County Added and Omitted Tax

\$ 1,204,710.60
130,446.58
46,945.22
41,244.66
5,580.69

Total County Taxes
Local Tax for Municipal Purposes
Add: Additional Tax Levied

1,428,927.75
1,734,191.86
22,050.07

\$ 6,250,503.68

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2014		\$ 10,508.86
Increased by:		
Transfers from Taxes Receivable	2,619.41	
Interest and Costs	43.00	2,662.41
		<u>2,662.41</u>
Balance December 31, 2015		\$ <u>13,171.27</u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Exhibit A-7

	<u>Accrued in 2015</u>	<u>Collected</u>
Local Revenues:		
Local Aid:		
Fees and Permits	\$ 15,640.75	\$ 15,640.75
Fines and Costs, Municipal Court	32,449.60	32,449.60
Interest and Costs on Taxes	20,875.00	20,875.00
Interest on Investments and Deposits	1,097.72	1,097.72
Beach Fees	26,219.61	26,219.61
Cable Television Franchise Fees	26,422.67	26,422.67
Post Office Lease	43,199.75	43,199.75
Antenna Lease	101,612.71	101,612.71
Uniform Construction Code Fees	36,016.00	36,016.00
State Aid:		
Energy Receipts Tax	<u>117,405.00</u>	<u>117,405.00</u>
	<u>\$ 420,938.81</u>	<u>\$ 420,938.81</u>
Receipts		\$ 420,699.04
Interfunds		<u>239.77</u>
		<u>\$ 420,938.81</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2014		\$	655.99
Increased by:			
2015 Tax Levy:			
General County Tax	\$	1,204,710.60	
County Library Tax		130,446.58	
County Health Tax		46,945.22	
County Open Space Tax		41,244.66	
County Share of Added and Omitted Taxes		<u>5,580.69</u>	
			<u>1,428,927.75</u>
			<u>1,429,583.74</u>
Decreased by:			
Payments			<u>1,424,003.05</u>
Balance December 31, 2015		\$	<u><u>5,580.69</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2014:			
School Tax Deferred	\$ 555,000.00		
School Tax Payable	<u>342,612.00</u>		
		\$ 897,612.00	
Increased by:			
Levy School Year July 1, 2015 to June 30, 2016		<u>1,916,882.00</u>	
		2,814,494.00	
Decreased by:			
Payments		<u>1,886,632.00</u>	
Balance December 31, 2015:			
School Tax Deferred	555,000.00		
School Tax Payable	<u>372,862.00</u>		
		\$ <u>927,862.00</u>	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

Balance December 31, 2014:			
School Tax Deferred	\$ 249,999.90		
School Tax Payable	<u>296,807.33</u>		
		\$ 546,807.23	
Increased by:			
Levy School Year July 1, 2015 to June 30, 2016		<u>1,148,452.00</u>	
		1,695,259.23	
Decreased by :			
Payments		<u>1,158,341.71</u>	
Balance December 31, 2015:			
School Tax Deferred	249,999.90		
School Tax Payable	<u>286,917.62</u>		
		\$ <u>536,917.52</u>	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

OPERATIONS WITHIN CAPS

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
General Administration					
Other Expenses	\$ 1,988.79	\$ 1,915.05	\$ 3,903.84	\$ 2,269.32	\$ 1,634.52
Mayor and Council					
Salaries and Wages	1,237.98		1,237.98		1,237.98
Other Expenses	679.00		679.00		679.00
Municipal Clerk					
Salaries and Wages	4,056.80		4,056.80		4,056.80
Other Expenses	2,321.51		2,321.51		2,321.51
Advertising Budget	193.40		193.40		193.40
Elections					
Other Expenses	7,812.17		7,812.17		7,812.17
Financial Administration					
Salaries and Wages	351.60		351.60		351.60
Other Expenses	567.49	885.95	1,453.44	1,286.84	166.60
Computerized Data Processing					
Other Expenses	520.45	294.95	815.40	324.95	490.45
Collection of Taxes					
Salaries and Wages	4,732.60		4,732.60		4,732.60
Other Expenses	527.81		527.81		527.81
Assessment of Taxes					
Salaries and Wages	71.71		71.71		71.71
Other Expenses	163.53	45.50	209.03	45.50	163.53
Tax Map Revisions	970.00	50.00	1,020.00	50.00	970.00
Legal Services and Costs					
Advertising and Legal Notices	61.00	510.00	571.00	510.00	61.00
Other Expenses	6,765.32		6,765.32	2,066.03	4,699.29
Counsel - Labor					
Other Expenses	2,325.50		2,325.50	769.50	1,556.00
Engineering Services and Costs					
Other Expenses	3,646.25	380.00	4,026.25	380.00	3,646.25

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

	<u>Balance</u>	<u>Reserve for</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>Encumbrances</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Municipal Land Use Law (N.J.S. 40:55D-1)					
Planning Board					
Salaries and Wages	\$ 61.31	\$	\$ 61.31		\$ 61.31
Other Expenses - Legal	768.50		768.50		768.50
Other Expenses - Miscellaneous	54.90		54.90		54.90
Insurance					
General Liability	.47		.47		.47
Other Insurance	632.00		632.00		632.00
Workers Compensation	.62		.62		.62
Employee Group Insurance	2,785.59		2,785.59	2,785.59	
Police					
Salaries and Wages	28,094.56		28,094.56	28,094.56	
Other Expenses	10,243.65	9,973.17	20,216.82	9,997.31	10,219.51
Medical Testing	710.00	235.00	945.00	380.00	565.00
Crossing Guards and Badge Checkers					
Salaries and Wages	289.48		289.48		289.48
Other Expenses	500.00		500.00		500.00
Emergency Management Service					
Salaries and Wages	37.00		37.00		37.00
Other Expenses	485.84		485.84		485.84
First Aid					
Other Expenses	2,440.00		2,440.00		2,440.00
Municipal Prosecutor					
Salaries and Wages	80.22		80.22		80.22
Other Expenses	250.00		250.00		250.00
Municipal Court					
Salaries and Wages	1,375.97		1,375.97		1,375.97
Other Expenses	1,598.32		1,598.32	67.07	1,531.25
Public Defender					
Salaries and Wages	1,200.00		1,200.00		1,200.00
Other Expenses	500.00		500.00		500.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Public Buildings, Grounds, Parks, Playgrounds and Beaches	\$ 11,460.94	\$	\$ 11,460.94	\$	\$ 11,460.94
Salaries and Wages	12,123.62	774.00	12,897.62	7,353.26	5,544.36
Other Expenses					
Solid Waste Collection					
Contractual	13,308.50		13,308.50	12,557.90	750.60
Other Expenses	500.00		500.00		500.00
Recycling					
Other Expenses	708.75		708.75	371.00	337.75
Vehicle Maintenance					
Other Expenses	3,607.53	611.96	4,219.49	1,068.44	3,151.05
Shade Trees					
Other Expenses	250.00		250.00		250.00
Snow Removal					
Salaries and Wages	5,581.16		5,581.16	5,581.16	
Other Expenses	7,900.00		7,900.00	7,900.00	
Board of Health					
Salaries and Wages	500.00		500.00		500.00
Other Expenses	500.00		500.00	175.00	325.00
Mental Health Program (N.J.S. 40:5-2.9)					
Other Expenses	10.00		10.00		10.00
Environmental Commission					
Other Expenses	1,527.13	230.75	1,757.88	230.75	1,527.13
Dog Regulation					
Other Expenses	643.00		643.00		643.00
Senior Advisory Committee					
Other Expenses	500.00		500.00		500.00
Beachfront Maintenance					
Other Expenses	616.22		616.22		616.22

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

	<u>Balance</u>	<u>Reserve for</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>Encumbrances</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Recreation					
Other Expenses	\$ 2,547.68	\$ 119.65	\$ 2,667.33	\$ 119.65	\$ 2,547.68
Participation in Free County Library	3,000.00		3,000.00	2,080.00	920.00
Salary Settlements and Adjustments	3,900.00		3,900.00	3,900.00	
<u>Uniform Construction Code - Appropriations Offset</u>					
<u>by Dedicated Revenues (N.J.S.A. 5:23-4.17)</u>					
Code Enforcement and Zoning					
Salaries and Wages	512.02		512.02		512.02
Other Expenses	500.00		500.00		500.00
Construction Code Official					
Salaries and Wages	98.97		98.97		98.97
Other Expenses	700.00		700.00		700.00
Fire Official					
Salaries and Wages	56.71		56.71		56.71
Other Expenses	363.54		363.54		363.54
<u>Unclassified</u>					
Utilities					
Gasoline	2,904.64	1,248.22	4,152.86	2,391.92	1,760.94
Electricity	958.19	1,534.00	2,492.19	1,534.00	958.19
Telephone	71.94	870.04	941.98	902.38	39.60
Natural Gas	2,741.61	730.13	3,471.74	730.13	2,741.61
Street Lighting	754.30	1,524.27	2,278.57	1,524.27	754.30
Total Operations within Caps	<u>169,947.79</u>	<u>21,932.64</u>	<u>191,880.43</u>	<u>97,446.53</u>	<u>94,433.90</u>
Detail:					
Salaries and Wages	63,699.03	21,932.64	63,699.03	37,575.72	26,123.31
Other Expenses	<u>106,248.76</u>		<u>128,181.40</u>	<u>59,870.81</u>	<u>68,310.59</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

Social Security System (O.A.S.I.)	\$ 4,556.17	\$ 4,556.17	\$ 4,556.17	\$ 805.36
Unemployment Compensation Insurance	805.36	805.36	805.36	200.00
Defined Contribution Retirement Program	200.00	200.00	200.00	1,005.36
Total Statutory Expenditures within Caps	<u>5,561.53</u>	<u>5,561.53</u>	<u>5,561.53</u>	<u>1,005.36</u>
Total Appropriations within Caps	<u>175,509.32</u>	<u>197,441.96</u>	<u>102,002.70</u>	<u>95,439.26</u>

OPERATIONS EXCLUDED FROM CAPS

Length of Service Awards Program (LOSAP)	<u>3,550.00</u>	<u>3,550.00</u>	<u>1,000.00</u>	<u>2,550.00</u>
Total General Appropriations	\$ <u>179,059.32</u>	\$ <u>21,932.64</u>	\$ <u>103,002.70</u>	\$ <u>97,989.26</u>

Disbursed
Accounts Payable

	\$ 60,576.79	\$ 103,002.70
	<u>42,425.91</u>	<u>42,425.91</u>
	\$ <u>103,002.70</u>	\$ <u>103,002.70</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2014 - Due To		\$ 48,325.38
Increased by:		
Deposited in Current Fund:		
Grant Receivable	\$ 50,684.63	
Grant Receivables Cancelled	3,660.84	
2015 Budget Appropriations	<u>9,568.32</u>	
		63,913.79
		<u>112,239.17</u>
Decreased by:		
2015 Anticipated Revenue	9,568.32	
Appropriated Reserve Cancelled	13,292.90	
Unappropriated Reserve Cancelled	.75	
Grant Fund Disbursements	<u>43,633.07</u>	
		<u>66,495.04</u>
Balance December 31, 2015 - Due To		\$ <u><u>45,744.13</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Revenue Realized</u>	<u>Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2015</u>
2015 Year Grants					
Clean Communities Grant	\$	4,932.58	\$ 4,932.58	\$	\$
Recycling Tonnage Grant		3,117.00	3,117.00		
Alcohol Education. Rehabilitation Fund		176.80	176.80		
Body Armor Grant		1,341.94	1,341.94		
2014 Year Grants:					
Community Development Block Grant	33,000.00				33,000.00
966 Equipment Grant	12,566.53		8,556.21		4,010.32
2013 Year Grants:					
966 Equipment Grant	80.10			80.10	
2012 Year Grants:					
Community Development Block Grant	32,500.00		25,677.10		6,822.90
Green Communities	3,000.00			3,000.00	
Sustainable Jersey	10,000.00		10,000.00		
2010 Year Grants:					
Municipal Alliance Grant	<u>580.74</u>			<u>580.74</u>	
	<u>\$ 91,727.37</u>	<u>\$ 9,568.32</u>	<u>\$ 53,801.63</u>	<u>\$ 3,660.84</u>	<u>\$ 43,833.22</u>
Interfund - Current Fund			\$ 50,684.63		
Unappropriated Reserves			<u>3,117.00</u>		
			<u>\$ 53,801.63</u>		

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>2015 Budget Appropriation</u>	<u>Prior Year Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2015</u>
2015 Year Grants	\$	\$	\$	\$	\$	\$
Clean Communities Grant		4,932.58				4,932.58
Recycling Tonnage Grant		3,117.00				3,117.00
Alcohol Education, Rehabilitation Fund		176.80				176.80
Body Armor Fund		1,341.94				1,341.94
2014 Year Grants:						
Body Armor Fund	2,985.16					2,985.16
Drunk Driving Enforcement Fund	2,000.00					2,000.00
Community Development Block Grant	33,000.00			1,441.00		31,559.00
Recycling Tonnage Grant	3,036.60					3,036.60
966 Equipment Grant	30.00		11,527.81	9,312.07		2,245.74
2013 Year Grants:						
Body Armor Fund	1,375.66				1,375.66	
Recycling Tonnage Grant	397.29				397.29	
966 Equipment Grant	80.10				80.10	
2012 Year Grants:						
Body Armor Fund	1,266.87				1,266.87	
Community Development Block Grant	29,630.00			29,630.00		
Friends of Recreation	3,000.00					3,000.00
Green Communities						
Grant Share	3,000.00			3,000.00		
Local Match	3,000.00					
Recycling Tonnage Grant	1,774.27				1,774.27	
Sustainable Jersey	4,835.14					4,835.14
2011 Year Grants:						
Body Armor Fund	2,971.92				2,971.92	
Recycling Tonnage Grant	30.93			30.93		
2010 Year Grants:						
Drunk Driving Enforcement Fund	597.39			250.00		347.39
Municipal Alliance Grant	677.26				677.26	
2008 Year Grants:						
Waterfront Access	30,000.00					30,000.00
2007 Year Grants:						
Body Armor Fund	284.36				284.36	
Prior Years Grants:						
Alcohol Education Rehabilitation Fund	1,434.24				1,434.24	
	<u>\$ 125,407.19</u>	<u>\$ 9,568.32</u>	<u>\$ 11,527.81</u>	<u>\$ 43,633.07</u>	<u>\$ 13,292.90</u>	<u>\$ 89,577.35</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2014	Transfer to 2015 Budget Revenues	Increases	Cancelled	Balance Dec. 31, 2015
Grant	<u>3,117.75</u>	<u>3,117.00</u>		<u>.75</u>	
Recycling Tonnage Grant	<u>\$ 3,117.75</u>	<u>\$ 3,117.00</u>	<u>\$</u>	<u>\$.75</u>	<u>\$</u>

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TRUST FUND

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF TRUST CASH

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2014	\$ 677.49	\$ 120,992.43
Increased by Receipts:		
Animal Control License Fees:		
Due to State of New Jersey Department of Health	\$ 171.00	
Borough Share	1,074.00	
Interfund - Current Fund	.46	72.59
Trust Reserves	<u> </u>	<u>305,007.57</u>
	1,245.46	305,080.16
	<u>1,922.95</u>	<u>426,072.59</u>
Decreased by Disbursements:		
Animal Control Trust Fund Expenditures Under		
R.S. 4:19-15.11	1,568.00	
Due to State of New Jersey Department of Health	171.00	
Trust Reserves	<u> </u>	<u>291,509.79</u>
	1,739.00	291,509.79
Balance December 31, 2015	<u>\$ 183.95</u>	<u>\$ 134,562.80</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B-2

SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY

Increased by:	
Receipts	\$ 171.00
Decreased by:	
Disbursements	\$ <u>171.00</u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2014	\$ 677.46
Increased by:	
Miscellaneous Fees Collected	<u>1,074.00</u>
	1,751.46
Decreased by:	
Expenditures (R.S. 4:19-15.11)	<u>1,568.00</u>
Balance December 31, 2015	\$ <u>183.46</u>

Animal Control License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ <u>1,282.60</u>
2014	<u>1,315.40</u>
	\$ <u>2,598.00</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

	Total (Memo Only)	Animal Control Trust	Other Trust
Balance December 31, 2014 - Due To	\$ <u>5.15</u>	\$ <u>.03</u>	\$ <u>5.12</u>
Increased by:			
Interest Earned	<u>73.05</u>	<u>.46</u>	<u>72.59</u>
Balance December 31, 2015 - Due To	\$ <u><u>78.20</u></u>	\$ <u><u>.49</u></u>	\$ <u><u>77.71</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF MISCELLANEOUS RESERVES

	<u>Balance Dec. 31, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance Dec. 31, 2015</u>
Reserve for:				
Accumulated Absences	\$ 58,113.45		\$ 19,218.80	\$ 38,894.65
Cash Bond Utility Connection	10,500.00	1,500.00	6,000.00	6,000.00
D.A.R.E Program	340.98	250.00		590.98
Escrow Deposits	14,318.42	9,325.00	8,704.60	14,938.82
P.O.A.A	428.00	30.00		458.00
Premiums Received at Tax Sale	7,900.00	63,300.00	45,700.00	25,500.00
Public Defender	1,185.99	1,705.50	2,400.00	491.49
Snow Removal	28,200.47	33,481.16	14,070.48	47,611.15
Tax Title Lien Redemption		195,415.91	195,415.91	
	<u>\$ 120,987.31</u>	<u>\$ 305,007.57</u>	<u>\$ 291,509.79</u>	<u>\$ 134,485.09</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

TRUST FUND

Exhibit B-6

SCHEDULE OF LOSAP

(LENGTH OF SERVICE AWARD PROGRAM) - UNAUDITED

Balance December 31, 2014		\$ 428,519.46
Increased by:		
Earnings on Contributions		<u>24,150.00</u>
		452,669.46
Decreased by:		
Withdrawals	\$ 32,398.53	
Maintenance Charges	1,050.00	
Loss on Investments	<u>26.31</u>	
		<u>33,474.84</u>
Balance December 31, 2015		<u><u>\$ 419,194.62</u></u>

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GENERAL CAPITAL FUND

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BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF GENERAL CAPITAL CASH

Balance December 31, 2014		\$ 248,148.84
Increased by Receipts:		
Proceeds:		
Bond Anticipation Note	\$ 175,000.00	
Capital Improvement Fund	10,000.00	
Reserve for Pavers	2,277.00	
Interfund - Current Fund	166.62	
		<u>187,443.62</u>
		435,592.46
Decreased by Disbursements:		
Improvement Authorizations	194,016.25	
Reserve for Pavers	1,754.00	
Interfund - Current Fund	800.00	
		<u>196,570.25</u>
Balance December 31, 2015		\$ <u><u>239,022.21</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN
GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2014	Receipts		Note Proceeds	Disbursements		Transfers		Balance Dec. 31, 2015
		Dec. 31, 2014	Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 72,579.36	\$ 10,000.00							\$ 82,579.36
Grants Receivable	(309,671.31)				800.00				(174,855.86)
Inierfund - Current Fund	10.75	166.62							(135,438.08)
Reserve for Payment of Bond Anticipation Notes (01-08)	533.26								533.26
Reserve for Payment of Bond Anticipation Notes (05-10)	2,365.99								2,365.99
Reserve for Payment of Bond Anticipation Notes (06-06)									103.73
Reserve for Payment of Bond Anticipation Notes (07-09)	77.50								77.50
Reserve for Payment of Bond Anticipation Notes (09-01)	14.47								14.47
Reserve for Payment of Bond Anticipation Notes (13-01)	24,848.00								24,848.00
Reserve for Encumbrances	13,338.23								11,610.92
Reserve for Benches	19,166.00								19,166.00
Reserve for Pavers	1,386.00	2,277.00							1,909.00
Capital Fund Balance	48,033.77				1,754.00				48,033.77
Improvement Authorizations:									
00-02									
05-04				175,000.00					
01-02	(26,913.79)					11,003.72		850.00	145,878.71
01-11	(8.61)								(8.61)
04-07	132,901.33								
06-06	0.00								
08-06	103.73					124,655.83		6,226.03	2,019.47
								552.00	0.00
								103.73	0.00
10-02	(4,827.45)								(4,827.45)
12-04	1,611.61					2,176.36		2,390.01	(564.75)
13-06	(400.00)								(400.00)
14-06	143,000.00					41,835.34		837.88	101,076.78
	130,000.00					14,345.00		755.00	114,900.00
	\$ 248,148.84	\$ 12,443.62	\$ 175,000.00	\$ 175,000.00	\$ 2,554.00	\$ 194,016.25	\$ 159,868.33	\$ 159,868.33	\$ 239,022.21

Ordinance Number	Improvement Description
00-02	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos
05-04	Summit Avenue, Construction of Gazebos
01-02	Paving and Repair of Laurel Avenue and Other Streets
01-11	Improvements to the Central Avenue Beach and the Simpson Avenue Groin
04-07	Installation of Boardwalk on River Avenue
06-06	Handicapped Ramps and Road Improvements
08-06	Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue
10-02	Improvements to Summit Avenue
12-04	Repairs to Summit Avenue Beach Parking Lot
13-06	Repairs to Simpson Avenue and Boardwalk
14-06	Repairs to Jaynes Avenue and Maple Avenue

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2014		\$ 1,677,602.45
Decreased by:		
2015 Budget Appropriation to Debt Service:		
Serial Bonds Paid by Budget	\$ 108,000.00	
Green Trust Loan Paid by Budget	<u>29,826.25</u>	
		<u>137,826.25</u>
Balance December 31, 2015		\$ <u><u>1,539,776.20</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance</u>		<u>Cancelled</u>	<u>Analysis of Balance</u>	
		<u>Dec. 31, 2014</u>	<u>Dec. 31, 2015</u>		<u>Bond Anticipation Notes</u>	<u>Expenditures</u>
00-02, 05-04	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos	\$ 313,369.35	\$ 313,369.35	\$	\$	\$
01-02	Paving and Repair of Laurel Avenue and Other Streets	8.61	8.61			8.61
01-08	Improvements for the Five Year Recreation Plan and Senior Park Improvements	17,466.74	17,466.74		17,466.74	
05-10	Renovation and Repair to Police/Emergency Management Building	634.01	634.01		634.01	
06-06	Handicapped Ramps and Road Improvements	13,500.00	13,396.27	103.73	13,396.27	
07-09	Paving and Repair of Gilford Avenue	20,922.50	20,922.50		20,922.50	
07-11	Installation of Bulkheads at Long Point and Simpson Avenues	142,500.00	142,500.00		142,500.00	
08-06	Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue	32,844.59	12,827.45	20,017.14	8,000.00	4,827.45
08-08	Replacement of HVAC Systems at Borough Hall and Court	14,250.00	14,250.00		14,250.00	
09-01	Construction of Curbs, Driveway Aprons and Paving on Ensor Place and Jackson Avenue	17,485.53	17,485.53		17,485.53	
10-02	Improvements to Summit Avenue	5,564.75	5,564.75		5,000.00	564.75
12-04	Repairs to Summit Avenue Beach Parking Lot	16,542.00	16,542.00		16,142.00	400.00
13-01	Improvements to Cedar Avenue	12,010.00	12,010.00		12,010.00	
13-06	Repairs to Simpson Avenue and Boardwalk	95,000.00	95,000.00		95,000.00	95,000.00
14-06	Repairs to Jaynes Avenue and Maple Avenue	95,000.00	95,000.00		95,000.00	95,000.00
		<u>\$ 797,098.08</u>	<u>\$ 776,977.21</u>	<u>\$ 20,120.87</u>	<u>\$ 581,057.05</u>	<u>\$ 5,800.81</u>
						<u>\$ 190,119.35</u>
	Bond Anticipation Notes Outstanding-December 31, 2015				\$ 609,000.00	
	Less: Bond Anticipation Notes Issued in excess of Authorized:					
	Improvements for the Five Year Recreation Plan and Senior Park Improvements		\$ 533.26			
01-08	Renovation and Repair to Police/Emergency Management Building		2,365.99			
05-10	Handicapped Ramps and Road Improvements		103.73			
06-06	Paving and Repair of Gilford Avenue		77.50			
07-09	Construction of Curbs, Driveway Aprons and Paving on Ensor Place and Jackson Avenue		14.47			
09-01	Improvements to Cedar Avenue		24,848.00		27,942.95	
13-01						
					<u>\$ 581,057.05</u>	
						<u>\$ 335,998.06</u>
00-02, 05-04	Improvement Authorizations - Unfunded					
	Less: Unexpended Proceeds of Authorized Bond Anticipation Notes Issued:					
	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos					145,878.71
						<u>\$ 190,119.35</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	\$ 72,579.36
Increased by:	
2015 Budget Appropriation	<u>10,000.00</u>
Balance December 31, 2015	<u><u>\$ 82,579.36</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		Prior Year Encumbrances	Paid or Charged	Cancelled	Balance Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
00-02	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos	5/16/2000	\$ 620,000.00	\$	\$ 148,205.56	\$ 9,646.22	\$ 11,853.72	\$	\$	\$ 145,998.06
05-04, 11-11	Improvements to the Central Avenue Beach and the Simpson Avenue Groin	11/13/2001	195,000.00	132,901.33			130,881.86		2,019.47	
04-07	Installation of Boardwalk on River Avenue	10/19/2004	275,000.00			552.00	552.00			
06-06	Handicapped Ramps and Road Improvements	6/13/2006	190,000.00		103.73		0.00	103.73		
08-06	Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue	5/06/2008	165,000.00				0.00	20,017.14		
10-02	Improvements to Summit Avenue	2/23/2010	175,000.00			2,390.01	4,566.37			
13-01	Improvements to Cedar Avenue	2/26/2013	180,000.00				0.00			
13-06	Repairs to Simpson Avenue and Boardwalk	10/08/2013	250,000.00	143,000.00		750.00	42,673.22		101,076.78	95,000.00
14-06	Repairs to Jaynes Avenue and Maple Avenue	11/13/2014	225,000.00	130,000.00			15,100.00		114,900.00	95,000.00
				\$ 405,901.33	\$ 360,502.79	\$ 13,338.23	\$ 205,627.17	\$ 20,120.87	\$ 217,996.25	\$ 335,998.06
	Disbursements						\$ 194,016.25			
	Reserve for Encumbrances						11,610.92			
	Deferred Charges - Unfunded						\$ 205,627.17		\$ 20,120.87	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
			<u>Outstanding Date</u>	<u>Amount</u>				
General Improvement Bonds	2011	\$ 1,623,000.00	2016	\$ 108,000.00	2.00%			
			2017	108,000.00	2.00%			
			2018	108,000.00	2.00%			
			2019	108,000.00	2.25%			
			2020	108,000.00	2.38%			
			2021	108,000.00	2.50%			
			2026	540,000.00	3.00%			
						\$ 1,296,000.00	\$ 108,000.00	\$ 1,188,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 1 of 2

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan Outstanding Dec. 31, 2015</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
River Avenue Boardwalk	6/27/2006	\$ 600,000.00	Date See Amortization Schedule	2.00%	\$ 381,602.45	\$ 29,826.25	\$ 351,776.20

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 2

River Avenue Boardwalk

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>
19	March 2016	\$ 15,137.19	\$ 3,517.77
20	September 2016	15,288.57	3,366.39
21	March 2017	15,441.45	3,213.51
22	September 2017	15,595.87	3,059.09
23	March 2018	15,751.83	2,903.13
24	September 2018	15,909.34	2,745.62
25	March 2019	16,068.44	2,586.52
26	September 2019	16,229.12	2,425.84
27	March 2020	16,391.41	2,263.55
28	September 2020	16,555.33	2,099.63
29	March 2021	16,720.88	1,934.08
30	September 2021	16,888.09	1,766.87
31	March 2022	17,056.97	1,597.99
32	September 2022	17,227.54	1,427.42
33	March 2023	17,399.82	1,255.14
34	September 2023	17,573.81	1,081.15
35	March 2024	17,749.55	905.41
36	September 2024	17,927.05	727.91
37	March 2025	18,106.32	548.64
38	September 2025	18,287.38	367.58
39	March 2026	18,470.24	184.72
		<u>\$ 351,776.20</u>	<u>\$ 39,977.96</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Issued For Cash	Balance Dec. 31, 2015
00-02, 05-04	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos	3/21/2013 3/20/2014	3/15/2015 3/15/2015	3/15/2016 3/15/2016	0.73% 0.73%	\$ 58,250.00 80,000.00	\$ 175,000.00	\$ 58,250.00 80,000.00
01-08	Improvements to Recreation Facilities	3/15/2016	3/15/2015	3/15/2016	0.73%	18,000.00		18,000.00
05-10	Renovations and Repair to Police/Emergency Management Building	3/20/2014	3/15/2015	3/15/2016	0.73%	3,000.00		3,000.00
06-06	Handicapped Ramps & Oak Ave Road Improvement	3/20/2014	3/15/2015	3/15/2016	0.73%	13,500.00		13,500.00
07-09	Paving and Repair of Gilford Avenue	3/20/2014	3/15/2015	3/15/2016	0.73%	21,000.00		21,000.00
07-11	Installation of Bulkheads at Long Point and Simpson Avenues	3/21/2013	3/15/2015	3/15/2016	0.73%	142,500.00		142,500.00
08-06	Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue	3/21/2013	3/15/2015	3/15/2016	0.73%	8,000.00		8,000.00
08-08	Replacement of HVAC Systems at Borough Hall and Court	3/21/2013	3/15/2015	3/15/2016	0.73%	14,250.00		14,250.00
09-01	Construction of Curbs, Driveway Aprons and Paving on Ensor Place and Jackson Avenue	3/21/2013	3/15/2015	3/15/2016	0.73%	0.00		0.00
10-02	NJDOT Improvements to Summit Avenue	3/20/2014	3/15/2015	3/15/2016	0.73%	17,000.00		17,000.00
12-04	NJDOT Improvements to Summit Avenue	3/20/2014	3/15/2015	3/15/2016	0.73%	500.00		500.00
13-01	NJDOT Improvements to Summit Avenue Beach Parking Lot	3/20/2014	3/15/2015	3/15/2016	0.73%	5,000.00		5,000.00
	NJDOT Improvements to Cedar Avenue	3/20/2014	3/15/2015	3/15/2016	0.73%	16,142.00		16,142.00
						<u>36,858.00</u>		<u>36,858.00</u>
						\$ 434,000.00	\$ 175,000.00	\$ 609,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF GRANTS RECEIVABLE

Ordinance Number	Description	Balance Dec. 31, 2014	Decreases	Balance Dec. 31, 2015
10-02	NJ DOT - Improvements to Summit Avenue	\$ 34,671.31		\$ 34,671.31
13-06	NJ DOT - Simpson Avenue	150,000.00	134,815.45	15,184.55
14-04	NJ DOT - Jaynes Avenue and Maple Avenue	125,000.00		125,000.00
		\$ 309,671.31	\$ 134,815.45	\$ 174,855.86
	Interfunds		\$ 134,815.45	

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>
00-02, 05-04 01-02 08-06	Repair and Replacement of the Bulkhead at Wanamaker and Summit Avenue, Construction of Gazebos Paving and Repair of Laurel Avenue and Other Streets Construction of Curbs, Driveway Aprons and Paving on Chestnut Avenue	\$ 119.35 8.61 4,827.45
10-02	Improvements to Summit Avenue	564.75
12-04	Repairs to Summit Avenue Beach Parking Lot	400.00
13-06	Repairs to Simpson Avenue and Boardwalk	95,000.00
14-06	Repairs to Jaynes Avenue and Maple Avenue	95,000.00
		<u>\$ 195,920.16</u>

WATER-SEWER UTILITY FUND

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER

	<u>Operating Fund</u>	<u>Capital Fund</u>
	\$ 60,812.80	\$ 294,931.30
Balance December 31, 2014		
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,019,950.29	
Water Tower Antenna Lease	37,536.84	
Miscellaneous Revenue	33,506.55	
Utility Rent Prepayments	2,689.73	
NJ Environmental Infrastructure Loan Receivable		102,302.00
Interfunds		94.77
	<u>1,093,683.41</u>	<u>102,396.77</u>
	<u>1,154,496.21</u>	<u>397,328.07</u>
Decreased by Disbursements:		
2015 Appropriations	893,482.34	
2014 Appropriations	12,484.93	
Accrued Interest on Bonds and Loans	45,101.99	
Improvement Authorizations		245,189.65
Preliminary Costs		3,290.00
	<u>951,069.26</u>	<u>248,479.65</u>
Balance December 31, 2015	\$ <u>203,426.95</u>	\$ <u>148,848.42</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH

	Balance Dec. 31, 2014	Receipts	Disbursements	Transfers		Balance Dec. 31, 2015
				From	To	
Capital Improvement Fund	\$ 36,750.00	\$	\$ 3,290.00	\$	\$	\$ 33,460.00
Interfunds:						
Water-Sewer Utility Operating Fund	12.43	94.77				107.20
Current Fund				33,998.00	21,998.00	(33,998.00)
NJ Environmental Infrastructure Loan Receivable	(854,998.30)	102,302.00				(730,698.30)
Investment Note - Current Fund	(36,000.00)				12,000.00	(24,000.00)
Reserve for Encumbrances	137,205.49			137,205.49	18,937.58	18,937.58
Fund Balance	7,208.02				5,671.27	12,879.29
Ordinance						
Number						
03-03	1,050.00					
08-09	(4,250.00)			3,750.00	2,700.00	(4,250.00)
08-10						
08-12	4,621.27			4,621.27		
09-04	1,632.00					1,632.00
09-08	20,000.00					20,000.00
10-03	(35,881.78)		41,381.85		32,700.00	(44,563.63)
10-04	556,266.81		68,464.18	1,155.00	3,130.00	489,777.63
10-05	(17,250.00)		5,925.00		5,925.00	(17,250.00)
10-06	210,062.64		129,418.62	15,082.58	92,750.49	158,311.93
	268,502.72					268,502.72
	\$ 294,931.30	\$ 102,396.77	\$ 248,479.65	\$ 195,812.34	\$ 195,812.34	\$ 148,848.42

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014		\$	17,280.16
Increased by:			
Water-Sewer Rents Levied			<u>1,024,120.91</u>
			1,041,401.07
Decreased by:			
Receipts	\$ 1,019,950.29		
Prepaid Rents Applied	<u>2,828.84</u>		
			<u>1,022,779.13</u>
Balance December 31, 2015		\$	<u><u>18,621.94</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015
Wells	\$ 910,460.73
Sewer Mains	167,700.00
Treatment Plant	314,739.36
Pumping Station Structures and Improvements	288,878.35
Sewer Flusher, Pumps and Equipment	44,000.00
Electric Power Pumping Equipment	5,023.85
Other Power and Pumping Equipment	2,200.00
Transmission Main and Accessories	7,922.63
Tank and Standpipes	88,204.65
Distribution Main, Accessories, Distribution System and Rehabilitation of System	516,037.43
Fire Hydrants	2,700.00
Truck Equipment, Utility Truck and Backhoe	75,700.00
Engineering	1,838.29
Legal	1,033.94
Interest During Construction	172.72
Sewer Plant	409,065.08
Water-Sewer System Improvements	547,485.98
Water Meters	58,000.00
Rehabilitation of Sewer Lines and Water Mains	44,964.99
Office and Computer Equipment	15,000.00
Renovations to Water Tower	136,669.82
Drainage Improvements	10,426.00
Purchase of Pick-up Truck	53,196.25
Filter Media and Plant Upgrades	69,841.88
	<u>\$ 3,771,261.95</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2015
		Date	Amount	
03-03	Installation of New Sewer Mains	3/11/2003	\$ 76,000.00	\$ 76,000.00
07-14	Filter Media and Plant Upgrades	8/21/2007	70,000.00	158.12
08-10	Preliminary Costs for Installation of a New Water Storage Tank	8/12/2008	150,000.00	150,000.00
08-12	Various Water and Sewer Improvements	9/09/2008	20,000.00	20,000.00
09-04	Rehabilitation and Repair of the Sanitary Sewer System	7/28/2009	20,000.00	20,000.00
09-08	Replacement of Pump Stations	10/29/2009	70,000.00	70,000.00
09-09	Preliminary and Final Design for Replacement of Water Treatment Plant	12/08/2009	160,000.00	160,000.00
10-03	Installation of a New Water Storage Tank (amending 08-10)	4/27/2010	1,924,640.00	1,924,640.00
10-04	Replacement of Pump Stations (amending 09-08)	4/27/2010	17,250.00	17,250.00
10-05	Replacement of Water Treatment Plant (amending 09-09)	4/27/2010	2,747,650.00	2,747,650.00
10-06	Repair and Replacement of Fire Hydrants	4/27/2010	275,860.00	275,860.00
				<u>\$ 5,461,558.12</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-10

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Expended</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 619.77	\$	\$ 619.77	\$	\$ 619.77
Other Expenses	6,856.11	11,286.76	18,142.87	10,857.03	7,285.84
Ocean County Utilities Authority	680.63		680.63		680.63
Insurance	1,187.90		1,187.90	1,187.90	(.00)
Engineering	375.00	165.00	540.00	440.00	100.00
Statutory Expenditures:					
Contribution to:					
Social Security System	710.63		710.63		710.63
Unemployment Compensation Insurance	44.54		44.54		44.54
	<u>\$ 10,474.58</u>	<u>\$ 11,451.76</u>	<u>\$ 21,926.34</u>	<u>\$ 12,484.93</u>	<u>\$ 9,441.41</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST ON NOTES AND LOANS

Balance December 31, 2014	\$ 46,311.00
Increased by:	
Budget Appropriation for Interest on Notes	<u>42,316.86</u>
	<u>88,627.86</u>
Decreased by:	
Disbursements	<u>45,101.99</u>
Balance December 31, 2015	<u><u>\$ 43,525.87</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-12

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	\$	36,750.00
Decreased by:		
Preliminary Costs - Sewer Study		<u>3,290.00</u>
Balance December 31, 2015	\$	<u><u>33,460.00</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-13

Balance December 31, 2014	\$	3,249,717.75
Increased by:		
Paid by Budget Appropriation:		
Infrastructure Loans	\$	20,311.19
Serial Bonds		<u>33,143.24</u>
		<u>53,454.43</u>
Balance December 31, 2015	\$	<u><u>3,303,172.18</u></u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-14

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2014		Reserve for Encumbrance	Paid or Charged	Cancelled	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
03-03	Installation of New Sewer Mains	3/11/2003	\$ 76,000.00	\$ 1,050.00	\$	\$ 2,700.00	\$ 2,700.00	\$ 1,050.00	\$	\$
08-10	Preliminary Costs for Installation of a New Water Storage Tank	8/12/2008	150,000.00	4,621.27		0.00	0.00	4,621.27		
09-04	Various Water and Sewer Improvements	9/09/2008	20,000.00	1,632.00	12,500.00					1,632.00
15-07	Rehabilitation and Repair of the Sanitary Sewer System	7/28/2009	20,000.00	20,000.00						20,000.00
09-08	Replacement of Pump Stations	10/29/2009	70,000.00		30,618.22	32,700.00	41,381.85			21,936.37
15-08										
10-03	Installation of a New Water Storage Tank (amending 08-10)	4/27/2010	1,924,640.00	556,266.81		3,130.00	69,619.18			489,777.63
10-04	Replacement of Pump Stations (amending 09-08)	4/27/2010	17,250.00			5,925.00	5,925.00			
10-05	Replacement of Water Treatment Plant (amending 09-09)	4/27/2010	2,747,650.00	210,062.64	19,150.00	92,750.49	144,501.20			158,311.93
10-06	Repair and Replacement of Fire Hydrants	4/27/2010	275,860.00	268,502.72						268,502.72
				\$ 1,062,135.44	\$ 62,268.22	\$ 137,205.49	\$ 264,127.23	\$ 5,671.27	\$	\$ 938,224.28
	Disbursed						\$ 245,189.65			
	Reserve for Encumbrances						18,937.58			
							\$ 264,127.23			

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-15

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Ordinance Number	Project	Date of Ordinance	Balance Dec. 31, 2014	Loans Paid by Budget Appropriations	Bonds Paid by Budget Appropriations	Balance Dec. 31, 2015
			\$	\$	\$	\$
03-03	Installation of New Sewer Mains	3/11/2003	28,972.11		3,990.72	32,962.83
08-10	Preliminary Costs for Installation of a New Water Storage Tank	8/12/2008	38,009.96		9,503.32	47,513.28
08-12	Various Water and Sewer Improvements	9/09/2008	3,913.14		304.38	4,217.52
09-04	Rehabilitation and Repair of the Sanitary Sewer System	7/28/2009	1,000.00			1,000.00
09-08	Replacement of Pump Stations	10/29/2009	3,500.00			3,500.00
09-09	Preliminary and Final Design for Replacement of Water Treatment Plant	12/08/2009	14,152.55	1,677.97		15,830.52
10-03	Installation of a New Water Storage Tank (amending 08-10)	4/27/2010	358,831.15	97,863.04		456,694.19
10-05	Replacement of Water Treatment Plant (amending 09-09)	4/27/2010	467,737.29	99,110.17		566,847.46
10-06	Repair and Replacement of Fire Hydrants	4/27/2010	52,420.16	10,975.93	4,058.34	67,454.43
			<u>\$ 968,536.36</u>	<u>\$ 209,627.11</u>	<u>\$ 17,856.76</u>	<u>\$ 1,196,020.23</u>

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

Exhibit D-16

WATER-SEWER UTILITY FUND

SCHEDULE OF WATER-SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Water-Sewer Improvement Bonds	2011	\$ 754,000.00	2016	51,000.00	2.00%			
			2017	51,000.00	2.00%			
			2018	51,000.00	2.00%			
			2019	51,000.00	2.25%			
			2020	51,000.00	2.38%			
			2021	51,000.00	2.50%			
			2026	244,000.00	3.00%			
						\$ 601,000.00	\$ 51,000.00	\$ 550,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-17

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rates	Balance Dec. 31, 2014	Budget Appropriation	Balance Dec. 31, 2015
			Year	December 31, 2015 Amount				
Utility System	2006	\$ 205,000.00	2016	10,000.00	5.00%			
			2017	10,000.00	4.00%			
			2018	10,000.00	4.00%			
			2019	10,000.00	4.00%			
			2020	10,000.00	4.00%			
			2021	10,000.00	4.125%			
			2022	15,000.00	4.125%			
			2023	15,000.00	4.25%			
			2024	15,000.00	5.00%			
			2025	15,000.00	4.25%			
			2026	15,000.00	4.25%			
						\$ 145,000.00	\$ 10,000.00	\$ 135,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-18

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Year	December 31, 2015 Amount				
Utility System	2006	\$ 198,500.00	2016	9,994.77				
			2017	9,678.35				
			2018	9,425.21				
			2019	9,172.09				
			2020	8,918.95				
			2021	8,665.82				
			2022	11,568.93				
			2023	11,177.37				
			2024	10,773.94				
			2025	10,299.31				
			2026	9,896.10	0.00%	\$ 119,882.03	\$ 10,311.19	\$ 109,570.84

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-19

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Year	December 31, 2015 Amount				
Utility System	2010	\$ 2,275,000.00	2016	90,000.00	5.00%			
			2017	95,000.00	5.00%			
			2018	100,000.00	5.00%			
			2019	105,000.00	5.00%			
			2020	110,000.00	5.00%			
			2021	115,000.00	5.00%			
			2022	120,000.00	5.00%			
			2023	130,000.00	5.00%			
			2024	135,000.00	5.00%			
			2025	140,000.00	5.00%			
			2026	150,000.00	5.00%			
			2027	155,000.00	5.00%			
			2028	165,000.00	5.00%			
			2029	165,000.00	5.00%			
			2030	175,000.00	5.00%			
						\$ 2,035,000.00	\$ 85,000.00	\$ 1,950,000.00

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-20

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Year	Amount				
Utility System	2010	\$ 2,451,000.00	2016	\$ 124,627.11				
			2017	124,627.11				
			2018	124,627.11				
			2019	124,627.11				
			2020	124,627.11				
			2021	124,627.11				
			2022	124,627.11				
			2023	124,627.11				
			2024	124,627.11				
			2025	124,627.11				
			2026	124,627.11				
			2027	124,627.11				
			2028	124,627.11				
			2029	124,627.11				
			2030	124,627.28				
					0.00%	\$ 1,994,033.93	\$ 124,627.11	\$ 1,869,406.82

BOROUGH OF ISLAND HEIGHTS - COUNTY OF OCEAN

WATER-SEWER UTILITY FUND

Exhibit D-21

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Project</u>	<u>Balance Dec. 31, 2015</u>
08-09	Repair and Replacement of Pumps at Pump Stations	\$ 4,250.00
08-12	Various Water and Sewer Improvements	12,500.00
09-08	Replacement of Pump Stations	66,500.00
10-04	Replacement of Pump Stations (Amending 09-08)	17,250.00
10-05	Replacement of Water Treatment Plant (Amending 09-09)	19,150.00
		<u>\$ 119,650.00</u>

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**BOROUGH OF ISLAND HEIGHTS
COUNTY OF OCEAN**

**PART II
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The Honorable Mayor and Members of the
Borough Council
Borough of Island Heights, New Jersey

We have audited the financial statements of the Borough of Island Heights in the County of Ocean for the year ended December 31, 2015. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 for the period of January 1, 2015 to June 30, 2015, and in excess of \$6,000 for the period of July 1, 2015 to December 31, 2015, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 and 18% per annum on any amount in excess of \$1,500 becoming delinquent after due date, subject to any abatement or discount for the late payment of taxes as provided by law.”

The governing body on January 6, 2015 also adopted resolutions authorizing interest to be charged on delinquent water-sewer charges:

“... the rate of interest to be charged to the non-payment of Water and Sewer, on or before the date when they would become delinquent shall be at the rate of 18% per annum, except no interest shall be charged if the payment of the installment is made within ten (10) days after the date upon which it became payable...”

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 delinquent taxes at December 31, 2015 included real estate taxes for 2014.

The last tax sale was held on July 10, 2015 and was complete.

Inspection of 2015 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2015	6
2014	6
2013	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

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

Examination of Bills

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

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Borough employees.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

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

A test sample was selected of ten (10); five traffic and five criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2015 with the governing body.

Construction Code Office

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body.
- (3) **Construction Code Costs** – A test was conducted to determine that all revenues collected for construction code fees are applied to pay for municipal costs of enforcing the Uniform Construction Code [N.J.A.C.5:23.17(c)2]. No exceptions were discovered as a result of the test that would indicate that construction code revenues were not being applied to pay for costs related to enforcement of the Uniform Construction Code.
- (4) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Borough Ordinances in effect.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

NAME	POSITION	AMOUNT OF BOND	
Jeffrey B. Silver	Mayor	\$50,000	
Sean Asay	Council President	\$50,000	
John Bendel	Councilman	\$50,000	
Steven Berglund	Councilman	\$50,000	
Kieran Pillion, Jr.	Councilman	\$50,000	
Sandra Snow	Councilwoman	\$50,000	
Susan Thompson	Councilwoman	\$50,000	
Joseph Kostecki	Borough Clerk	\$50,000	
Margaret Gorman	Chief Financial Officer	\$1,000,000	(A)
Wendy Prior	Tax Collector	\$1,000,000	(A)
Damian G. Murray Esq.	Magistrate	\$1,000,000	(A)
Elizabeth Boettger	Court Administrator	\$1,000,000	(A)

(A) Covered under the Blanket Bond Coverage through the Ocean Joint Insurance Fund for \$1,000,000.00, subject to a \$2,500 deductible.

Acknowledgment

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

Should you have any questions concerning our comments or recommendations, please contact us.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
CR# 435

June 21, 2016
Medford, New Jersey