

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED**

**DECEMBER 31, 2016**

***Oliwa & Company***  
Certified Public Accountants

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**Year Ended December 31, 2016**

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**STATE OF NEW JERSEY**

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**BOROUGH OF MANTOLOKING**  
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**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART I**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

# *Oliwa & Company*

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the Borough Council  
Borough of Mantoloking  
County of Ocean  
Mantoloking, New Jersey

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

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

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

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

### **Auditor's Responsibility**

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

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

## **Auditor's Responsibility (continued)**

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 described in Note 1, the Borough prepares its financial statements in accordance with the financial reporting provisions 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. 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 as of December 31, 2016 and 2015, and the changes in financial position for the years then ended.

## **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the various funds and the account group of the Borough as of December 31, 2016 and 2015, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, and the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2016 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's financial statements. The supplementary schedules and comments section as listed in the table of contents 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 are not a part of the basic financial statements.

**Other Matters (continued)**

The supplementary schedules and comments section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole, based on accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2017 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
May 5, 2017



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>Cash and Cash Equivalents:</b>			
Cash	A-4	\$3,853,813.79	\$3,906,576.71
Change Funds		200.00	200.00
		<u>3,854,013.79</u>	<u>3,906,776.71</u>
<b>Receivables and Other Assets with Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-5	78,087.77	96,573.37
Sewer Charges Receivable	A-6	2,082.45	2,159.47
Revenue Accounts Receivable	A-7	2,207.68	2,838.02
Due from Federal and State Grant Fund		16,083.18	212,884.80
Due from General Capital Fund			50,199.00
Due from Other Trust Fund			29,055.78
Due from Animal Control Fund		24.40	133.40
	A	<u>98,485.48</u>	<u>393,843.84</u>
<b>Deferred Charges:</b>			
Special Emergency Authorizations (40A:4-54)		<u>926,666.00</u>	<u>2,253,333.00</u>
		<u>4,879,165.27</u>	<u>6,553,953.55</u>
<b>Federal and State Grant Fund:</b>			
Grants Receivable	A-12	232,618.33	521,345.03
Due from Grantor			2,157.61
		<u>232,618.33</u>	<u>523,502.64</u>
		<u>\$5,111,783.60</u>	<u>\$7,077,456.19</u>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2016 and 2015**

<b><u>Liabilities, Reserves and Fund Balance</u></b>	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Appropriation Reserves	A-3,A-8	\$440,435.68	\$359,445.37
Reserve for Encumbrances	A-15	57,065.53	43,092.02
Prepaid Taxes		205,026.38	156,943.47
Tax Overpayments		9,858.49	8,110.21
Sewer Overpayments		90.90	
County Taxes Payable	A-9	82,574.40	74,028.59
Local District School Taxes Payable	A-10	50,384.25	41,779.25
Special Emergency Notes Payable		1,100,000.00	2,100,000.00
Due to State of New Jersey (P.L. 1971, C. 20)		1,230.00	1,230.00
Various Reserves	A-11	1,767,793.50	2,407,242.58
		3,714,459.13	5,191,871.49
Reserves for Receivables and Other Assets	A	98,485.48	393,843.84
Fund Balance	A-1	1,066,220.66	968,238.22
		4,879,165.27	6,553,953.55
 Federal and State Grant Fund:			
Appropriated Reserves	A-13	206,385.46	304,164.19
Unappropriated Reserves	A-14	10,149.69	6,453.65
Due to Current fund		16,083.18	212,884.80
		232,618.33	523,502.64
		<b>\$5,111,783.60</b>	<b>\$7,077,456.19</b>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2016 and 2015**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$700,000.00	\$855,200.00
Miscellaneous Revenue Anticipated	A-2	1,723,974.50	2,186,535.98
Receipts from Delinquent Taxes	A-2	96,573.37	86,641.86
Receipts from Current Taxes	A-2	9,019,596.40	8,507,004.61
Non-Budget Revenues	A-2	73,036.01	73,566.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	276,517.33	322,740.77
Interfunds Returned		292,272.98	317,049.84
Statutory Excess in Animal Control Fund			113.30
Total Revenue		<u>12,181,970.59</u>	<u>12,348,852.37</u>
<b><u>Expenditures</u></b>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	1,791,764.00	1,782,201.00
Other Expenses	A-3	1,762,130.00	1,597,387.00
Deferred Charges and Statutory Expenditures	A-3	404,175.00	355,812.00
Budget Appropriations Excluded from CAPS:			
Operations:			
Salaries and Wages	A-3	49,000.00	150,000.00
Other Expenses	A-3	183,892.20	785,065.43
Capital Improvements	A-3	200,100.00	
Municipal Debt Service	A-3	30,289.48	17,710.00
Deferred Charges	A-3	1,126,667.00	1,202,366.00
County Taxes	A-9	5,654,698.85	5,418,971.69
Local District School Tax	A-10	128,668.00	76,213.00
Grant Appropriated Reserve Adjustment	A-13	35,686.83	
Prior Year Encumbrances			88,956.33
Refunds and Other Reimbursements	A-4	833.61	1,330.00
Interfunds Advanced		16,083.18	292,272.98
Total Expenditures		<u>11,383,988.15</u>	<u>11,768,285.43</u>
Excess in Revenue		797,982.44	580,566.94
Fund Balance January 1	A	968,238.22	1,242,871.28
		<u>1,766,220.66</u>	<u>1,823,438.22</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	700,000.00	855,200.00
Fund Balance December 31	A	<u>\$1,066,220.66</u>	<u>\$968,238.22</u>

See Accompanying Notes

**BOROUGH OF MANTOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$700,000.00		\$700,000.00	
Miscellaneous Revenues:					
Municipal Court Fines and Costs	A-7	36,302.00		44,755.12	\$8,453.12
Interest and Costs on Taxes	A-7	23,236.00		23,727.47	491.47
Interest on Investments and Deposits	A-7	1,911.00		2,266.06	355.06
Sewer Service Revenue	A-6,A-7	133,371.00		135,132.12	1,761.12
Energy Receipts Tax	A-7	147,440.00		147,440.00	
Uniform Construction Code Fees	A-7	247,825.00		161,760.00	(86,065.00)
Beach Badge Fees	A-7	48,254.00		69,165.00	20,911.00
Alcohol Education and Rehabilitation Fund	A-12	176.80		176.80	
Body Armor Fund	A-12	2,276.85		2,276.85	
Clean Communities Program	A-12	4,000.00		4,000.00	
Drive Sober or Get Pulled Over	A-12		\$10,000.00	10,000.00	
State of New Jersey DOT - Bay Avenue	A-12	200,000.00		200,000.00	
Police Vest	A-12	2,154.55		2,154.55	
Click It or Ticket	A-12	5,000.00		5,000.00	
Reserve for Insurance Proceeds	A-7	20,873.00		20,873.00	
CATV Franchise Fees	A-7	3,512.00		4,790.70	1,278.70
Recycling	A-7	375.00		456.83	81.83
Reserve for FEMA Reimbursements	A-7	890,000.00		890,000.00	
	A-1	<u>1,766,707.20</u>	<u>10,000.00</u>	<u>1,723,974.50</u>	<u>(52,732.70)</u>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
<u>Ref.</u>				
Receipts from Delinquent Taxes	A-1,A-2	\$66,000.00	\$96,573.37	\$30,573.37
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-2, A-5	3,256,373.00	3,484,031.55	227,658.55
Budget Totals		5,789,080.20	6,004,579.42	<u>\$205,499.22</u>
Non-Budget Revenues	A-2		73,036.01	
		<u>\$5,789,080.20</u>	<u>\$6,077,615.43</u>	
<u>Ref.</u>	A-3		A-3	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,A-5	\$9,019,596.40
Allocated to School and County Taxes		<u>5,783,366.85</u>
Balance for Support of Municipal Budget Appropriations		3,236,229.55
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>247,802.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$3,484,031.55</u></u>
 <b><u>Receipts from Delinquent Taxes:</u></b>		
Delinquent Tax Collections	A-2,A-5	<u><u>\$96,573.37</u></u>
 <b><u>Analysis of Non-Budget Revenues:</u></b>		
Prior Year Grant Reimbursements		\$40,278.89
Variance Applications		18,175.00
Police Outside Administration Fees		6,477.24
Premium on Note Sale		3,442.96
Fees and Permits		3,330.92
Police Fees		455.00
Fire Safety LEA		291.85
Certified Lists		233.50
Flag Poles		200.00
Senior Citizens and Veterans Administrative Fee		85.00
Copies		65.65
	A-1,A-2,A-4	<u><u>\$73,036.01</u></u>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b><u>Operations Within "CAPS"</u></b>					
<b>GENERAL GOVERNMENT</b>					
Municipal Clerk's Office					
Salaries and Wages	\$131,596.00	\$136,596.00	\$135,918.30	\$677.70	
Other Expenses	46,614.00	46,614.00	41,324.34	5,289.66	
Financial Administration					
Salaries and Wages	122,055.00	122,055.00	115,820.93	6,234.07	
Other Expenses	33,700.00	49,200.00	38,104.29	11,095.71	
Auditing Services					
Other Expenses	27,000.00	30,000.00	29,115.00	885.00	
Collection of Taxes					
Other Expenses	1,500.00	2,000.00	1,487.20	512.80	
Accumulated Leave Compensation					
Other Expenses	25,000.00	25,000.00	25,000.00		
Assessment of Taxes					
Salaries and Wages	14,999.00	15,499.00	15,400.00	99.00	
Other Expenses	1,500.00	1,500.00	1,121.28	378.72	
Legal Services and Costs					
Other Expenses	165,000.00	165,000.00	132,563.03	32,436.97	
Engineering Services and Costs					
Other Expenses	160,000.00	170,000.00	159,762.09	10,237.91	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	49,071.00	39,071.00	24,931.73	14,139.27	
Other Expenses	85,000.00	50,000.00	14,945.48	35,054.52	

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended Balance Canceled</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b><u>Operations Within "CAPS"</u></b>					
<b>INSURANCE</b>					
General Liability	\$91,000.00	\$116,000.00	\$94,789.35	\$21,210.65	
Workers Compensation	75,000.00	75,000.00	72,359.00	2,641.00	
Employee Group Health	330,716.00	330,716.00	259,856.62	70,859.38	
Health Benefits Waiver	10,000.00	10,000.00	10,000.00		
<b>PUBLIC SAFETY</b>					
<b>Police Department</b>					
Salaries and Wages	1,079,066.00	1,079,066.00	1,015,784.03	63,281.97	
Other Expenses	130,250.00	130,250.00	120,623.45	9,626.55	
<b>Emergency Management Services</b>					
Other Expenses	2,000.00	2,000.00	182.56	1,817.44	
<b>Aid to Ambulance Companies</b>					
Other Expenses	1,500.00	1,500.00	1,500.00		
<b>Fire Prevention</b>					
Other Expenses	26,000.00	26,000.00	26,000.00		
<b>Uniform Fire Safety Act (P.L. 1983, C383)</b>					
Salaries and Wages	3,600.00	3,850.00	3,682.26	167.74	
<b>Municipal Prosecutor</b>					
Other Expenses	7,000.00	7,000.00	5,350.00	1,650.00	
<b>Municipal Court</b>					
Salaries and Wages	38,101.00	38,101.00	36,398.86	1,702.14	
Other Expenses	8,000.00	8,000.00	681.84	7,318.16	
<b>Public Defender</b>					
Other Expenses	1,000.00	1,000.00	1,000.00		

See Accompanying Notes



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
<b>PUBLIC WORKS</b>					
Road Repairs and Maintenance					
Salaries and Wages	\$192,342.00	\$201,342.00	\$201,309.03	\$32.97	
Other Expenses	37,800.00	29,800.00	20,815.39	8,984.61	
Solid Waste Collection					
Other Expenses	135,000.00	135,000.00	132,457.56	2,542.44	
Building and Grounds					
Other Expenses	34,000.00	23,000.00	16,523.96	6,476.04	
Sewer System					
Other Expenses	29,500.00	29,500.00	18,544.60	10,955.40	
<b>HEALTH AND HUMAN SERVICES</b>					
Animal Control Services					
Other Expenses	6,600.00	6,600.00	3,909.00	2,691.00	
<b>PARK AND RECREATION</b>					
Administration of Beach Access					
Salaries and Wages	70,056.00	64,556.00	59,359.25	5,196.75	
Other Expenses	3,200.00	3,200.00	2,845.00	355.00	
Beach Maintenance					
Other Expenses	151,000.00	151,000.00	138,516.18	12,483.82	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
STATE UNIFORM CONSTRUCTION CODE					
Construction Code Official					
Salaries and Wages	\$64,655.00	\$70,655.00	\$66,180.71	\$4,474.29	
Other Expenses	10,000.00	10,000.00	7,788.04	2,211.96	
Plumbing Official					
Salaries and Wages	6,991.00	6,991.00	6,720.00	271.00	
Fire Protection Official					
Salaries and Wages	6,991.00	6,991.00	6,548.00	443.00	
Electrical Inspector					
Salaries and Wages	6,991.00	6,991.00	5,792.50	1,198.50	
UNCLASSIFIED					
Utility Expenses					
Electricity	33,000.00	28,000.00	24,971.51	3,028.49	
Telephone	17,000.00	18,000.00	16,738.20	1,261.80	
Water	2,500.00	2,500.00	502.70	1,997.30	
Water - Fire Hydrants	32,000.00	33,000.00	30,403.16	2,596.84	
Natural Gas	8,000.00	8,000.00	4,834.65	3,165.35	
Gasoline	40,000.00	37,750.00	20,503.10	17,246.90	
Total Operations - Within "CAPS"	<u>3,553,894.00</u>	<u>3,553,894.00</u>	<u>3,168,964.18</u>	<u>384,929.82</u>	
Contingent	-	-	-	-	
Total Operations Including Contingent Within "CAPS"	<u>3,553,894.00</u>	<u>3,553,894.00</u>	<u>3,168,964.18</u>	<u>384,929.82</u>	
Salaries and Wages	1,786,514.00	1,791,764.00	1,693,845.60	97,918.40	
Other Expenses (including Contingent)	<u>1,767,380.00</u>	<u>1,762,130.00</u>	<u>1,475,118.58</u>	<u>287,011.42</u>	

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Within "CAPS"</u>					
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$71,710.00	\$71,710.00	\$71,709.26	\$0.74	
Social Security System (O.A.S.I.)	100,000.00	100,000.00	83,190.88	16,809.12	
Police and Firemen's Retirement System of N.J.	222,465.00	222,465.00	222,463.01	1.99	
Unemployment Insurance	10,000.00	10,000.00	10,000.00		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>404,175.00</u>	<u>404,175.00</u>	<u>387,363.15</u>	<u>16,811.85</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>3,958,069.00</u>	<u>3,958,069.00</u>	<u>3,556,327.33</u>	<u>401,741.67</u>	
<u>Operations Excluded from "CAPS"</u>					
SEWER SYSTEM					
Ocean County Utilities Authority Share of Costs	110,000.00	110,000.00	88,897.80	21,102.20	
Hurricane Sandy Additional Related Costs -					
Legal Services and Costs - Other Expenses	24,000.00	24,000.00	22,355.23	1,644.77	
Planning Board - Salaries and Wages	10,000.00	10,000.00	10,000.00		
Road Repairs and Maintenance - Salaries and Wages	17,000.00	17,000.00	17,000.00		
Buildings and Grounds - Other Expenses	2,000.00	2,000.00	52.96	1,947.04	
Construction Code - Salaries and Wages	22,000.00	22,000.00	22,000.00		
Gasoline	5,000.00	5,000.00	5,000.00		

**BOROUGH OF MANTOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Operations Excluded from "CAPS"</u>					
Employee Group Health	\$5,284.00	\$5,284.00	\$5,284.00		
Total Other Operations Excluded from "CAPS"	195,284.00	195,284.00	170,589.99	\$24,694.01	
Additional Appropriations Offset by Revenues					
Beach Maintenance					
Other Expenses	14,000.00	14,000.00		14,000.00	
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Alcohol Education Rehabilitation Fund	176.80	176.80	176.80		
Body Armor Fund	2,276.85	2,276.85	2,276.85		
Clean Communities Program	4,000.00	4,000.00	4,000.00		
Police Vest	2,154.55	2,154.55	2,154.55		
Click It or Ticket	5,000.00	5,000.00	5,000.00		
Drive Sober or Get Pulled Over (40A:4-87, \$10,000.00+)		10,000.00	10,000.00		
Total Public and Private Programs Offset by Revenues	13,608.20	23,608.20	23,608.20		
Total Operations Excluded from "CAPS"	222,892.20	232,892.20	194,198.19	38,694.01	
Detail:					
Salaries and Wages	49,000.00	49,000.00	49,000.00		
Other Expenses	173,892.20	183,892.20	145,198.19	38,694.01	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2016**

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Capital Improvements Excluded from "CAPS"</u>					
Capital Improvement Fund	\$100.00	\$100.00	\$100.00		
New Jersey Transportation Trust - Bay Avenue	200,000.00	200,000.00	200,000.00		
<u>Total Capital Improvements - Excluded from "CAPS"</u>	<u>200,100.00</u>	<u>200,100.00</u>	<u>200,100.00</u>		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Interest on Notes	33,550.00	33,550.00	30,289.48		\$3,260.52
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-54)	1,126,667.00	1,126,667.00	1,126,667.00		
<u>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</u>	<u>1,583,209.20</u>	<u>1,593,209.20</u>	<u>1,551,254.67</u>	<u>\$38,694.01</u>	<u>3,260.52</u>
<u>Subtotal General Appropriations</u>	<u>5,541,278.20</u>	<u>5,551,278.20</u>	<u>5,107,582.00</u>	<u>440,435.68</u>	
<u>Reserve for Uncollected Taxes</u>	<u>247,802.00</u>	<u>247,802.00</u>	<u>247,802.00</u>		
<u>Total General Appropriations</u>	<u>\$5,789,080.20</u>	<u>\$5,799,080.20</u>	<u>\$5,355,384.00</u>	<u>\$440,435.68</u>	<u>\$3,260.52</u>
	<u>Ref.</u>				
Budget	A-3	\$5,789,080.20	A-1	A, A-1	
Appropriation by 40A:4-87	A-2	10,000.00			
		<u>\$5,799,080.20</u>			
	<u>Ref.</u>				
Disbursed	A-4		\$3,700,241.27		
Deferred Charge - Emergency Authorization (40A:4-54)			1,126,667.00		
Reserve for Encumbrances	A-15		57,065.53		
Appropriated Reserves for Federal and State Grants	A-13		223,608.20		
Reserve for Uncollected Taxes	A-2		247,802.00		
			<u>\$5,355,384.00</u>		

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>\$111.10</u>	<u>\$216.50</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	<u>519,839.67</u>	<u>624,374.43</u>
		<u><u>\$519,950.77</u></u>	<u><u>\$624,590.93</u></u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$86.70	\$82.70
Due to State of New Jersey	B-3		0.40
Due to Current Fund		<u>24.40</u>	<u>133.40</u>
		<u>111.10</u>	<u>216.50</u>
Other Trust Fund:			
Various Reserves	B-4	519,839.67	595,318.65
Due to Current Fund			29,055.78
		<u>519,839.67</u>	<u>624,374.43</u>
		<u><u>\$519,950.77</u></u>	<u><u>\$624,590.93</u></u>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

C

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2016 and 2015**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash and Cash Equivalents	C-2	\$1,916,441.29	\$2,876,433.55
Deferred Charges to Future Taxation:			
Unfunded	C-4	8,746,230.55	2,971,230.55
Grants Receivable		200,000.00	
		<u>\$10,862,671.84</u>	<u>\$5,847,664.10</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Improvement Authorizations:			
Funded	C-5	\$416,384.68	\$139,299.09
Unfunded	C-5	6,709,544.24	1,206,181.38
Bond Anticipation Notes	C-8	2,755,000.00	2,755,000.00
Due to Current Fund			50,199.00
Reserve for:			
Encumbrances	C-5	167,864.18	477,328.93
Beach Replenishment		685,352.15	1,085,352.15
Lyman Street Dune Walkover		30,184.46	30,184.46
Payment of Debt		1,888.22	1,888.22
Municipal Parking Lot		58,939.47	58,939.47
Community Development Block Grant		1,500.00	1,500.00
Capital Improvement Fund	C-6	27,391.03	41,791.03
Fund Balance	C-1	8,623.41	0.37
		<u>\$10,862,671.84</u>	<u>\$5,847,664.10</u>

There were bonds and notes authorized but not issued of \$5,991,231.11 on December 31, 2016 and \$216,231.11 on December 31, 2015. (Schedule C-7)

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2016 and 2015**

	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Balance, January 1	C	\$0.37	\$75,699.37
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2	8,623.04	-
		<u>8,623.41</u>	<u>-</u>
Decreased by:			
Payment to Current Fund as Anticipated Revenue		-	75,699.00
		<u>-</u>	<u>75,699.00</u>
Balance, December 31	C	<u>\$8,623.41</u>	<u>\$0.37</u>

See Accompanying Notes



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
General Fixed Assets:			
Land		\$1,169,100.00	\$1,169,100.00
Buildings		1,355,189.07	1,355,189.07
Machinery and Equipment		2,727,298.77	2,106,283.52
		<u>\$5,251,587.84</u>	<u>\$4,630,572.59</u>
Investment in General Fixed Assets	D-1	<u>\$5,251,587.84</u>	<u>\$4,630,572.59</u>

See Accompanying Notes

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

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

**A. Reporting Entity**

The financial statements of the Borough of Mantoloking, County of Ocean, State of New Jersey (the "Borough"), include every board, body, officer 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 operation of the Mantoloking volunteer fire company, which is subject to a separate audit.

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These 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 a local unit, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2016.

**B. Descriptions of Funds**

The GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Borough conform to the accounting principles and practices 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 differ from the fund structure required by GAAP.

**Current Fund** - used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Animal Control Fund** - used to record animal license revenues and expenditures.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Descriptions of Funds (continued)**

**Other Trust Fund** - used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

**General Capital Fund** - used to record 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.

**General Fixed Assets Account Group** - used to record fixed assets utilized 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. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

**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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting (continued)**

**Appropriation Reserves** - Until lapsed at the close of the succeeding year, appropriation reserves are available 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.

**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.

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

**Property Acquired for Taxes** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed assets account group 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 when the terms of the sales contract 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 of purchase. The costs of inventories are not included on the various balance sheets.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting (continued)**

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

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. For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

**D. Financial Statements**

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

**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 insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act (“GUDPA”) requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that 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 seventy-five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy-five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough’s deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2016 and 2015 the Borough’s bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Uninsured and Uncollateralized	\$59,445.10	\$114,071.61
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	<u>6,166,557.91</u>	<u>7,071,424.81</u>
	<u>\$6,226,003.01</u>	<u>\$7,185,496.42</u>

In addition, as of December 31, 2016 and 2015, the Borough had \$61,603.67 and \$61,354.87 respectively, on deposit in the New Jersey Cash Management Fund (the “Fund”). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**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) Local Government investment pools, subject to certain requirements.
- (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 GUDPA bank;
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Investments (continued)**

- 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.

**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 regulatory 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 (the “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 notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. 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 had no long-term debt at December 31, 2016 and December 31, 2015.

**B. Short-Term Debt**

**Bond Anticipation Note - General Capital Fund**

On April 13, 2016 the Borough issued a bond anticipation note of \$2,755,000.00 at an interest rate of 2.00% per annum in order to provide funding for various capital improvements. All bond anticipation note principal with interest thereon is due on April 12, 2017.

**Special Emergency Note - Current Fund**

On April 13, 2016 the Borough issued a special emergency note of \$1,100,000.00 at an interest rate of 2.00% per annum in order to provide funding for Hurricane Sandy storm damage related special emergency authorizations. All special emergency note principal with interest thereon is due on April 12, 2017.



**NOTE 3. DEBT (continued)**

**B. Short-Term Debt (continued)**

Short-term debt transactions for the years ended December 31, 2016 and 2015 are summarized as follows:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<b><u>Current Fund</u></b>				
Special Emergency Note	\$2,100,000.00	\$1,100,000.00	\$2,100,000.00	\$1,100,000.00
<b><u>General Capital Fund</u></b>				
Bond Anticipation Note	2,755,000.00	2,755,000.00	2,755,000.00	2,755,000.00
	<u>\$4,855,000.00</u>	<u>\$3,855,000.00</u>	<u>\$4,855,000.00</u>	<u>\$3,855,000.00</u>
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<b><u>Current Fund</u></b>				
Special Emergency Note	\$3,300,000.00	\$2,100,000.00	\$3,300,000.00	\$2,100,000.00
<b><u>General Capital Fund</u></b>				
Bond Anticipation Note	-	2,755,000.00	-	2,755,000.00
	<u>\$3,300,000.00</u>	<u>\$4,855,000.00</u>	<u>\$3,300,000.00</u>	<u>\$4,855,000.00</u>

**C. Bonds and Notes Authorized but not Issued**

**General Capital Fund**

At December 31, 2016 and 2015 the Borough had bonds and notes authorized but not issued of \$5,991,231.11 and \$216,231.11, respectively.

**NOTE 4. FIXED ASSETS**

Fixed assets activity for the years ended December 31, 2016 and 2015 was as follows:

	Balance Dec. 31, 2015	Additions	Dispositions	Balance Dec. 31, 2016
Land	\$1,169,100.00			\$1,169,100.00
Buildings	1,355,189.07			1,355,189.07
Machinery and Equipment	2,106,283.52	\$621,015.25		2,727,298.77
	<u>\$4,630,572.59</u>	<u>\$621,015.25</u>	<u>-</u>	<u>\$5,251,587.84</u>

	Balance Dec. 31, 2014	Additions	Dispositions	Balance Dec. 31, 2015
Land	\$1,169,100.00			\$1,169,100.00
Buildings	534,766.95	\$820,422.12		1,355,189.07
Machinery and Equipment	1,845,010.59	282,860.80	\$21,587.87	2,106,283.52
	<u>\$3,548,877.54</u>	<u>\$1,103,282.92</u>	<u>\$21,587.87</u>	<u>\$4,630,572.59</u>

**NOTE 5. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2016 and 2015, which were appropriated and included as anticipated revenue in the current fund budget for the years ending December 31, 2017 and 2016 were as follows:

For the year ended December 31, 2017

Current Fund \*

For the year ended December 31, 2016

Current Fund \$700,000.00

\*The 2017 budget has yet to be introduced.

**NOTE 6. TAXES COLLECTED IN ADVANCE**

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

	Balance December 31,	
	2016	2015
Prepaid Taxes	\$205,026.38	\$156,943.47

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, Regional School District and County, the tax rate is struck by the County Tax 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 on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

The Borough is responsible for remitting one hundred percent of the school and county to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

**NOTE 8. 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. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**NOTE 9. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2016 and 2015 were \$248,811.64 and \$319,673.49, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 10. SCHOOL TAXES**

Regulations provide for deferral of not more than fifty percent of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough raises its share of local and regional school taxes on a school year basis and has elected to defer these taxes at December 31, 2016 and 2015 as follows:

	<u>Local District School Tax</u>	
	<u>2016</u>	<u>2015</u>
Balance of tax	\$77,197.99	\$68,592.99
Deferred	26,813.74	26,813.74
Tax Payable	<u>\$50,384.25</u>	<u>\$41,779.25</u>

**NOTE 11. UNEMPLOYMENT COMPENSATION INSURANCE**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserves for unemployment compensation insurance at December 31, 2016 and 2015 were \$9,434.72 and \$10,082.21, respectively.

**NOTE 12. INTERFUND BALANCES**

The balances of interfund receivables and payables at December 31, 2016 and 2015 are presented below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Receivables - Current Fund	<u>\$16,107.58</u>	<u>\$292,272.98</u>
Payables -		
General Capital Fund		\$50,199.00
Other Trust Fund		29,055.78
Federal and State Grant Fund	\$16,083.18	212,884.80
Animal Control Fund	24.40	133.40
	<u>\$16,107.58</u>	<u>\$292,272.98</u>

All balances resulted from the time lag between the dates that payments between funds were made.

### **NOTE 13. PENSION PLANS**

The Borough contributes to the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS") cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions and Benefits in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

#### **Funding Policy**

PERS employee contributions were 7.06% of base wages through June 30, 2016. Effective July 1, 2016 PERS employee contributions were 7.20% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually.

#### **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. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are 5.50% of base wages. Member contributions are matched by a 3.00% employer contribution.

#### **Unfunded Net Pension Liability**

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2016.

**NOTE 13. PENSION PLANS (continued)**

**Public Employees Retirement System (PERS)**

At June 30, 2016, the State reported a net pension liability of \$2,167,413.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2016, the Borough's proportion was 0.0073181050 percent, which was a decrease of 0.00098239050 percent from its proportion measured as of June 30, 2015.

The pension expense recognized in the Borough's financial statements based on the April 1, 2016 billing was \$71,709.26.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. These actuarial valuations used the following assumptions:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases (based on age)		
Through 2026	1.65% - 4.15%	2.15% - 4.40%
Thereafter	2.65% - 5.15%	2.15% - 4.40%
Investment Rate of Return	7.65%	7.90%

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

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

**NOTE 13. PENSION PLANS (continued)****Public Employees Retirement System (PERS) (Continued)****Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	87.00%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

**NOTE 13. PENSION PLANS (continued)**

**Public Employees Retirement System (PERS) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 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 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the collective net pension liability to changes in the discount rate.**

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<u>June 30, 2016</u>		
	<u>1%</u> <u>Decrease</u> <u>2.98%</u>	<u>At Current</u> <u>Discount Rate</u> <u>3.98%</u>	<u>1%</u> <u>Increase</u> <u>4.98%</u>
Borough's proportionate share of the pension liability	\$2,655,911.00	\$2,167,413.00	\$1,764,115.00

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).



**NOTE 13. PENSION PLANS (continued)**

**Police and Firemen's Retirement System (PFRS)**

At June 30, 2016, the State reported a net pension liability of \$4,537,504.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0237533862 percent, which was a decrease of 0.003172710 percent from its proportion measured as of June 30, 2015.

The pension expense recognized in the Borough's financial statements based on the April 1, 2016 billing was \$222,463.01.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases (based on age)		
Through 2026	2.10% - 8.98%	2.60% - 9.48%
Thereafter	3.10% - 9.98%	3.60% - 10.48%
Investment Rate of Return	7.65%	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

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

**NOTE 13. PENSION PLANS (continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Long Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

**NOTE 13. PENSION PLANS (continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, 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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 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 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the collective net pension liability to changes in the discount rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (4.55) or 1 percentage point higher (6.55%) than the current rate:

	<u>June 30, 2016</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>4.55%</u>	<u>5.55%</u>	<u>6.55%</u>
Borough's proportionate share of the pension liability	\$5,850,779.00	\$4,537,504.00	\$3,466,608.00

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System

**NOTE 14. DEFERRED COMPENSATION**

The Borough has adopted a Deferred Compensation Plan (the “Plan”) in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey. The Plan enables the Borough’s employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

**NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2016 the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2016	To be Appropriated in 2017 Budget	Balance to Succeeding Budgets
Special Emergency Authorizations (40A:4-54)	<u>\$926,666.00</u>	<u>\$926,666.00</u>	<u>-</u>

At December 31, 2015 the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2015	2016 Budget Appropriation	Cancelled in 2016	Balance to Succeeding Budgets
Special Emergency Authorizations (40A:4-54)	<u>\$2,253,333.00</u>	<u>\$1,126,667.00</u>	<u>\$200,000.00</u>	<u>\$926,666.00</u>

The appropriation in the 2016 budget was not less than required by statute.

**NOTE 16. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omission, injuries to employees, and natural disasters. The Borough is a member of the New Jersey Intergovernmental Insurance Fund (the “Fund”). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen’s compensation, and is sustained through member premiums. There were no settlements in excess of insurance coverage in the past three years.

## **NOTE 17. COMMUNITY DISASTER LOANS OUTSTANDING**

In 2013 the Borough approved a resolution authorizing the execution of a promissory note for a Community Disaster Loan (the "Loan") in the amount of \$831,074.00 with the United States Department of Homeland Security, Federal Emergency Management Agency. Loan proceeds of \$831,074.00 were utilized as an item of revenue in the Borough's 2013 current fund budget.

As of December 31, 2016 and 2015 the Loan principal balance was \$831,074.00, and the related accrued interest as of December 31, 2016 and 2015 was \$22,285.31 and \$16,047.96, respectively. The full principal amount of the Loan and all accumulated accrued interest is due on April 16, 2018, and the interest rate on the loan is 0.75% per annum. The term of the loan is five years, but may be extended. When applicable, the Assistant Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the Borough in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

## **NOTE 18. COMMITMENTS AND CONTINGENCIES**

### **Grant Financial Assistance**

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

### **Tax Appeals**

There is a tax appeal case pending against the Borough before the New Jersey Tax Court, requesting a reduction in assessed valuation. The Borough intends to vigorously defend its assessment in the aforementioned tax appeal case. Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize liability, if any, until a case has been adjudicated.

### **Legal Proceedings**

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

**NOTE 19. SUBSEQUENT EVENTS**

On April 11, 2017, the Borough issued a bond anticipation note in the principal amount of \$1,246,154.00 at an interest rate of 1.00% per annum (the "April Note"). All bond anticipation note principal with interest thereon is due on June 15, 2017.

On April 25, 2017, the Borough adopted a resolution authorizing the issuance of general improvement bonds (the "Bonds") in the principal amount of \$5,590,000.00. The Bonds are being issued to currently refund a portion of the April Note and to provide funds to finance various capital improvements and the costs incurred in connection with the authorization, sale and issuance of the Bonds. Simultaneous with the issuance of the Bonds, the Borough plans to issue a bond anticipation note (the "June Note") in the principal amount of \$1,215,000.00. The proceeds from the sale and issuance of the June Note will be used by the Borough to currently refund a portion of the April Note, and to provide funds for capital improvement costs and the costs incurred with the authorization, sale and issuance of the June Note. It is anticipated that the Bonds and the June Note will be issued on or about June 14, 2017.

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART II**

**SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$3,906,576.71
Increased by Receipts:			
State of New Jersey (P.L. 1971, C. 20)		\$4,250.00	
Taxes Receivable	A-5	8,954,976.30	
Revenue Accounts Receivable	A-7	589,493.30	
Grants Receivable	A-12	305,881.25	
Interfunds		79,388.18	
Tax Overpayments		12,534.12	
Non-Budget Revenues	A-2	73,036.01	
Prepaid Taxes		205,026.38	
Special Emergency Notes Payable		1,100,000.00	
Sewer Overpayments		90.90	
Various Reserves	A-11	819,835.81	
Due from Grantor		2,157.61	
Unappropriated Reserves	A-14	<u>10,149.69</u>	
			<u>12,156,819.55</u>
			16,063,396.26
Decreased by Disbursements:			
Budget Appropriations	A-3	3,700,241.27	
Appropriation Reserves	A-8	126,020.06	
County Taxes Payable	A-9	5,646,153.04	
Local School District Tax	A-10	120,063.00	
Various Reserves	A-11	348,411.89	
Appropriated Reserves	A-13	157,073.76	
Special Emergency Notes Payable		2,100,000.00	
Refunds and Other Reimbursements	A-1	833.61	
Tax Overpayments		<u>10,785.84</u>	
			<u>12,209,582.47</u>
Balance, December 31, 2016	A		<u><u>\$3,853,813.79</u></u>



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
**Year Ended December 31, 2016**

Year	Balance	2016 Levy	Collections by Cash		Senior Citizens and Veterans Deductions	Taxes Canceled	Balance
	Dec. 31, 2015		2015	2016			Dec. 31, 2016
2015	\$96,573.37			\$96,573.37			
2016		\$9,101,036.03	\$156,943.47	8,858,402.93	\$4,250.00	\$3,351.86	\$78,087.77
	<u>\$96,573.37</u>	<u>\$9,101,036.03</u>	<u>\$156,943.47</u>	<u>\$8,954,976.30</u>	<u>\$4,250.00</u>	<u>\$3,351.86</u>	<u>\$78,087.77</u>
<b>Ref.</b>	A			A-4			A

**Analysis of 2016 Property Tax Levy**

Tax Yield:

General Purpose Tax		\$8,968,391.98	
Added Taxes (54:4-63.1 Et. Seq.)		132,135.39	
Omitted Taxes (54:4-63.12 Et. Seq.)		508.66	
		<u>508.66</u>	<u>\$9,101,036.03</u>

**Ref.**

Tax Levy:

Local School District Tax	A-10		\$128,668.00	
County Taxes:				
County Tax	A-9	\$4,720,153.56		
County Library Tax	A-9	508,233.86		
County Health Tax	A-9	183,272.63		
County Open Space Tax	A-9	160,464.40		
Due County for Added and Omitted Taxes	A-9	<u>82,574.40</u>		
Total County Taxes			5,654,698.85	
Local Tax for Municipal Purposes	A-2	3,256,373.00		
Add: Additional Tax Levied		<u>61,296.18</u>		
Local Tax for Municipal Purposes Levied			<u>3,317,669.18</u>	<u>\$9,101,036.03</u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF SEWER CHARGES RECEIVABLE**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$2,159.47
Increased by:		
Sewer Service Charges		135,055.10
		<u>137,214.57</u>
Decreased by:		
Collections	A-2	<u>135,132.12</u>
Balance, December 31, 2016	A	<u><u>\$2,082.45</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>	<b><u>Balance Dec. 31, 2015</u></b>	<b><u>Accrued in 2016</u></b>	<b><u>Realized/ Collected</u></b>	<b><u>Balance Dec. 31, 2016</u></b>
Miscellaneous Revenues:					
Municipal Court Fines and Costs	A-2	\$2,838.02	\$44,124.78	\$44,755.12	\$2,207.68
Interest and Costs on Taxes	A-2		23,727.47	23,727.47	
Interest on Investments and Deposits	A-2		2,266.06	2,266.06	
Sewer Service Revenue	A-2		135,132.12	135,132.12	
Energy Receipts Tax	A-2		147,440.00	147,440.00	
Uniform Construction Code Fees	A-2		161,760.00	161,760.00	
Beach Badge Fees	A-2		69,165.00	69,165.00	
Reserve for Insurance Proceeds	A-2		20,873.00	20,873.00	
CATV Franchise Fees	A-2		4,790.70	4,790.70	
Recycling	A-2		456.83	456.83	
Reserve for FEMA Reimbursements	A-2		890,000.00	890,000.00	
		<u>\$2,838.02</u>	<u>\$1,499,735.96</u>	<u>\$1,500,366.30</u>	<u>\$2,207.68</u>
	<b><u>Ref.</u></b>	A			A
			<b><u>Ref.</u></b>		
Cash Receipts			A-4	\$589,493.30	
Revenue Realized			A-11	910,873.00	
				<u>\$1,500,366.30</u>	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2016**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>	<b><u>Balance</u></b> <b><u>After Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Municipal Clerk's Office				
Salaries and Wages	\$10,277.02	\$4,277.02		\$4,277.02
Other Expenses	7,830.02	12,500.02	\$8,404.90	4,095.12
Financial Administration				
Salaries and Wages	2,229.45	2,229.45		2,229.45
Other Expenses	2,493.27	3,493.27	2,377.08	1,116.19
Collection of Taxes				
Salaries and Wages	100.00	100.00		100.00
Other Expenses	123.00	123.00		123.00
Assessment of Taxes				
Salaries and Wages	48.92	48.92		48.92
Other Expenses	952.37	377.37		377.37
Legal Services and Costs				
Other Expenses	1,584.92	1,584.92	1,452.50	132.42
Engineering Services and Costs				
Other Expenses	30,093.03	30,093.03	2,591.45	27,501.58
Planning Board				
Salaries and Wages	11,724.90	11,724.90		11,724.90
Other Expenses	163.68	763.68		763.68
Insurance				
General Liability	205.50	205.50		205.50
Workers Compensation	3,749.00	249.00		249.00
Employee Group Health	31,425.76	26,425.76		26,425.76
Health Benefits Waiver	5,872.00	5,872.00		5,872.00

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2016**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>	<b><u>Balance</u></b> <b><u>After Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Police Department				
Salaries and Wages	\$22,331.74	\$22,331.74		\$22,331.74
Other Expenses	27,956.87	27,956.87	\$13,177.80	14,779.07
Emergency Management Services				
Other Expenses	3,775.56	1,275.56		1,275.56
Aid to Ambulance Companies				
Other Expenses	450.00	450.00		450.00
Fire Prevention				
Other Expenses	6,417.49	6,417.49		6,417.49
Uniform Fire Safety Act				
Salaries and Wages	24.98	24.98		24.98
Municipal Court				
Salaries and Wages	1.18	1.18		1.18
Other Expenses	3,098.61	3,098.61	185.66	2,912.95
Municipal Prosecutor				
Other Expenses	140.00	1,340.00	1,130.00	210.00
Public Defender				
Other Expenses	2,300.00	2,300.00	750.00	1,550.00
Road Repair and Maintenance				
Salaries and Wages	165.74	165.74		165.74
Other Expenses	14,410.39	14,410.39	9,908.61	4,501.78
Solid Waste Collection				
Other Expenses	1,933.09	1,933.09		1,933.09
Buildings and Grounds				
Other Expenses	15,476.05	15,476.05	5,264.00	10,212.05
Sewer System				
Other Expenses	235.05	235.05		235.05

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2016**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Board of Health				
Salaries and Wages	\$200.00	\$200.00		\$200.00
Animal Control Services				
Other Expenses	801.00	801.00		801.00
Municipal Alliance Program				
Other Expenses	300.00	300.00		300.00
Administration of Beach Access				
Salaries and Wages	5,556.00	5,556.00		5,556.00
Other Expenses	896.57	896.57		896.57
Beach Maintenance				
Other Expenses	309.70	37,409.70	\$35,102.96	2,306.74
Construction Code Official				
Salaries and Wages	1,674.66	674.66		674.66
Other Expenses	4,543.92	4,543.92	285.23	4,258.69
Plumbing Official				
Salaries and Wages	3,000.00			
Fire Protection Official				
Salaries and Wages	307.50	307.50		307.50
Electrical Inspector				
Salaries and Wages	305.00	305.00		305.00
Utility Expenses and Bulk Purchases				
Electricity	10,947.69	1,047.69	162.49	885.20
Telephone	1,659.18	1,659.18	19.95	1,639.23
Water	2,460.55	60.55		60.55
Water - Fire Hydrants	3,052.34	3,052.34	13.60	3,038.74
Natural Gas	2,262.13	2,262.13		2,262.13
Gasoline	2,672.98	2,672.98		2,672.98

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2016**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>	<b><u>Balance</u></b> <b><u>After Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Public Employees' Retirement System	\$3,000.00	\$3,000.00		\$3,000.00
Social Security System (O.A.S.I.)	11,653.65	958.65		958.65
Police and Firemen's Retirement System of N.J.	4,200.00	4,200.00		4,200.00
Defined Contribution Retirement Program	2,200.00	2,200.00		2,200.00
Sewer System -				
Ocean County Utilities Authority				
Share of Costs	86.00	86.00		86.00
Hurricane Sandy Additional Related Costs -				
Legal Services and Costs - Other Expenses	75,412.72	75,412.72	\$25,996.03	49,416.69
Road Repairs and Maintenance - Salaries and Wages	12,491.17	12,491.17		12,491.17
Buildings and Grounds - Other Expenses	9,711.06	9,711.06	9,711.06	
Construction Code - Salaries and Wages	8,735.75	8,735.75	7,619.62	1,116.13
Plumbing Official - Salaries and Wages	1,587.50	1,587.50		1,587.50
Electrical Inspector - Salaries and Wages	1,517.50	1,517.50		1,517.50
Fire Protection Official - Salaries and Wages	1,807.50	1,807.50		1,807.50
Gasoline	21,595.73	21,595.73	1,867.12	19,728.61
	<u>\$402,537.39</u>	<u>\$402,537.39</u>	<u>\$126,020.06</u>	<u>\$276,517.33</u>
			A-4	A-1
Appropriation Reserves	A	\$359,445.37		
Encumbrances Payable	A-15	43,092.02		
		<u>\$402,537.39</u>		

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF COUNTY TAXES PAYABLE**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>		
Balance, December 31, 2015	A		\$74,028.59
Increased by:			
County Tax	A-5	\$4,720,153.56	
County Library Tax	A-5	508,233.86	
County Health Tax	A-5	183,272.63	
County Open Space Tax	A-5	160,464.40	
Due County for Added and Omitted Taxes	A-5	82,574.40	
	A-1	<u>5,654,698.85</u>	<u>5,728,727.44</u>
Decreased by:			
Payments	A-4		<u>5,646,153.04</u>
Balance, December 31, 2016	A		<u><u>\$82,574.40</u></u>



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE**  
**Year Ended December 31, 2016**

	<u>Ref.</u>		
Balance, December 31, 2015:			
School Tax Payable	A	\$41,779.25	
School Tax Deferred		26,813.74	
		<u>                    </u>	\$68,592.99
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017	A-5		128,668.00
			<u>                    </u>
			197,260.99
Decreased by:			
Payments	A-4		120,063.00
			<u>                    </u>
Balance, December 31, 2016:			
School Tax Payable	A	50,384.25	
School Tax Deferred		26,813.74	
		<u>                    </u>	<u>                    </u>
			\$77,197.99
 <u>2016 Liability for Local District School Tax:</u>			
Tax Paid	A-10		\$120,063.00
Taxes Payable, December 31, 2016	A-10		50,384.25
			<u>                    </u>
			170,447.25
Less, Tax payable, December 31, 2015	A-10		41,779.25
			<u>                    </u>
Amount Charged to 2016 Operations	A-1		<u>                    </u>
			<u>                    </u>
			\$128,668.00

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF VARIOUS RESERVES**  
**Year Ended December 31, 2016**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Reserve for:				
Sale of Municipal Assets	\$9,075.38			\$9,075.38
Police Boat Donations	5,925.00			5,925.00
Dune Restoration	5,825.74			5,825.74
FEMA Reimbursements	1,446,093.38	\$807,439.81	\$890,000.00	1,363,533.19
Hurricane Sandy	879,364.02		532,366.89	346,997.13
Insurance Proceeds	43,934.05		20,873.00	23,061.05
Storm Damages	9,142.01			9,142.01
Due to the State of New Jersey:				
Marriage Licenses		125.00	125.00	
Uniform Construction Code Fees	7,883.00	12,271.00	15,920.00	4,234.00
	<u>\$2,407,242.58</u>	<u>\$819,835.81</u>	<u>\$1,459,284.89</u>	<u>\$1,767,793.50</u>
	<u>Ref.</u>	A	A-4	A
Cash Disbursements			\$348,411.89	
Reserve for Hurricane Sandy Cancelled	A-4		200,000.00	
Realized as Revenue	A-7		910,873.00	
			<u>\$1,459,284.89</u>	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2016**

<b>Grant</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2015</b>	<b>2016 Anticipated Revenue</b>	<b>Received</b>	<b>Realized by Funding of Capital Ordinance</b>	<b>Unappropriated Reserves Realized</b>	<b>Balance Dec. 31, 2016</b>
State of New Jersey DOT - Route 35 Road Project		\$35,686.83					\$35,686.83
Police Vest	A-2		\$2,154.55	\$1,103.30			1,051.25
Alcohol Education and Rehabilitation Fund	A-2		176.80			\$176.80	
Body Armor Fund	A-2		2,276.85			2,276.85	
Clean Communities Program	A-2		4,000.00			4,000.00	
Drive Sober or Get Pulled Over Pedestrian Safety and Traffic Calming Measures	A-2	5,000.00	10,000.00	7,825.00			7,175.00
Hazard Mitigation Program		20,700.00		20,616.55			83.45
Post Sandy Code Enforcement		175,475.00					175,475.00
State of New Jersey DOT - Bay Avenue	A-2	84,483.20		71,961.40			12,521.80
Click It or Ticket	A-2		200,000.00		\$200,000.00		
State of New Jersey DEP - Steel Sheet Pile Dune Restoration	A-2		5,000.00	4,375.00			625.00
		<u>200,000.00</u>		<u>200,000.00</u>			
		<u>\$521,345.03</u>	<u>\$223,608.20</u>	<u>\$305,881.25</u>	<u>\$200,000.00</u>	<u>\$6,453.65</u>	<u>\$232,618.33</u>
	<b><u>Ref.</u></b>	A		A-4		A-14	A

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2016**

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>Transfer from 2016 Budget Appropriation</u>	<u>Appropriated Reserve Adjustment</u>	<u>Appropriated by General Capital Bond Ordinance</u>	<u>Expended</u>	<u>Balance Dec. 31, 2016</u>
Body Armor Fund	\$1,490.67	\$2,276.85				\$3,767.52
Clean Communities Program	10,550.81	4,000.00			\$4,300.00	10,250.81
Alcohol Education and Rehabilitation Fund	11,421.71	176.80				11,598.51
NJDEP Stormwater Regulation Grant	417.75					417.75
Recycling Tonnage Grant	15,270.28					15,270.28
State and Local All Hazards Emergency Operation Planning	871.32					871.32
State of New Jersey DOT - Bay Avenue		200,000.00		\$200,000.00		
State of New Jersey DOT - Route 35 Road Project			\$35,686.83		31,221.76	4,465.07
Drive Sober or Get Pulled Over	4,100.00	10,000.00			9,025.00	5,075.00
Pedestrian Safety and Traffic Calming Measures	83.45					83.45
Hazard Mitigation Program	175,475.00				34,172.24	141,302.76
Post Sandy Code Enforcement	84,483.20				71,825.21	12,657.99
Police Vest		2,154.55			2,154.55	
Click It or Ticket		5,000.00			4,375.00	625.00
	<u>\$304,164.19</u>	<u>\$223,608.20</u>	<u>\$35,686.83</u>	<u>\$200,000.00</u>	<u>\$157,073.76</u>	<u>\$206,385.46</u>
<b><u>Ref.</u></b>	A	A-3	A-1		A-4	A

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**  
**Year Ended December 31, 2016**

<b>Grant</b>	<b>Balance Dec. 31, 2015</b>	<b>Appropriated</b>	<b>Cash Receipts</b>	<b>Balance Dec. 31, 2016</b>
Recycling Tonnage			\$4,282.92	\$4,282.92
Alcohol Education	\$176.80	\$176.80	725.18	725.18
Body Armor Fund	2,276.85	2,276.85	1,141.59	1,141.59
Clean Communities	4,000.00	4,000.00	4,000.00	4,000.00
	<u>\$6,453.65</u>	<u>\$6,453.65</u>	<u>\$10,149.69</u>	<u>\$10,149.69</u>

<b><u>Ref.</u></b>	A	A-12	A-4	A
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**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>	
Balance, December 31, 2015	A	\$43,092.02
Increased by:		
Current Appropriations Charged	A-3	57,065.53
		<u>100,157.55</u>
Decreased by:		
Transfer to Appropriation Reserves	A-8	43,092.02
		<u>43,092.02</u>
Balance, December 31, 2016	A	<u><u>\$57,065.53</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>	<b><u>Animal Control Fund</u></b>	<b><u>Other Trust Fund</u></b>
Balance, December 31, 2015	B	\$216.50	\$624,374.43
Increased by Receipts:			
Dog License Fees	B-2	\$28.40	
Various Reserves	B-4		\$2,398,175.61
Due to State of New Jersey	B-3	<u>11.00</u>	
		39.40	<u>2,398,175.61</u>
		<u>255.90</u>	<u>3,022,550.04</u>
Decreased by Disbursements:			
Due to State of New Jersey	B-3	11.40	
Due to Current Fund		133.40	29,055.78
Various Reserves	B-4	<u>144.80</u>	<u>2,473,654.59</u>
		<u>144.80</u>	<u>2,502,710.37</u>
Balance, December 31, 2016	B	<u><u>\$111.10</u></u>	<u><u>\$519,839.67</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ANIMAL CONTROL FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$82.70
Increased by:		
Dog License Fees Collected	B-1	28.40
		<u>111.10</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Statutory Excess Due Current Fund		24.40
		<u>24.40</u>
Balance, December 31, 2016	B	<u><u>\$86.70</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2015	\$56.00
2014	30.70
	<u>86.70</u>
	<u><u>\$86.70</u></u>



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**ANIMAL CONTROL FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>	
Balance, December 31, 2015	B	\$0.40
Increased by:		
Receipts	B-1	11.00
		<u>11.40</u>
Decreased by:		
Disbursed	B-1	11.40
		<u>11.40</u>
Balance, December 31, 2016	B	<u><u>\$0.00</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**OTHER TRUST FUND**  
**SCHEDULE OF VARIOUS RESERVES**  
**Year Ended December 31, 2016**

	<b>Balance</b>			<b>Balance</b>
	<b>Dec. 31, 2015</b>	<b>Increased</b>	<b>Decreased</b>	<b>Dec. 31, 2016</b>
<b><u>Reserves for:</u></b>				
P.O.A.A.	\$390.54	\$94.00		\$484.54
Unemployment Compensation	10,082.21	12,997.13	\$13,644.62	9,434.72
Surety and Escrows	39,796.89	13,011.74	15,836.20	36,972.43
Payroll and Deductions Payable	29,165.27	2,309,490.32	2,303,494.33	35,161.26
Off-Duty Police	45,081.85	62,444.58	92,222.18	15,304.25
Centennial Celebration	364.72			364.72
Public Defender	1,673.00	137.00		1,810.00
Accumulated Absences	50,795.07		35,984.00	14,811.07
Historical Society	40.00			40.00
Law Enforcement Trust	2,834.67	0.84		2,835.51
Third Party Liens	483.81			483.81
Reserve for Judgments	395,985.00			395,985.00
Marine Donations	15,722.06		12,473.26	3,248.80
Sandy Donations	2,903.56			2,903.56
	<u>\$595,318.65</u>	<u>\$2,398,175.61</u>	<u>\$2,473,654.59</u>	<u>\$519,839.67</u>
<b><u>Ref.</u></b>	<b>B</b>	<b>B-1</b>	<b>B-1</b>	<b>B</b>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2016**

	<b><u>Ref.</u></b>		
Balance, December 31, 2015	C		\$2,876,433.55
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-6	\$100.00	
Bond Anticipation Notes	C-8	2,755,000.00	
Premium on Bond Anticipation Notes Issued	C-1	<u>8,623.04</u>	
			<u>2,763,723.04</u>
			5,640,156.59
Decreased by Disbursements:			
Improvement Authorizations	C-5	918,516.30	
Bond Anticipation Notes	C-8	2,755,000.00	
Due to Current Fund		<u>50,199.00</u>	
			<u>3,723,715.30</u>
Balance, December 31, 2016	C		<u><u>\$1,916,441.29</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2016**

	<b>Balance</b> <b>Dec. 31, 2016</b>
Fund Balance	\$8,623.41
Capital Improvement Fund	27,391.03
Reserve for Encumbrances	167,864.18
Reserve for Beach Replenishment	685,352.15
Reserve for Lyman Street Dune Walkover	30,184.46
Reserve for Payment of Debt	1,888.22
Reserve for Municipal Parking Lot	58,939.47
Reserve for Community Development Block Grant	1,500.00
Cash on Hand to Pay Bond Anticipation Notes	0.56
 Improvement Authorizations:	
<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>
518	Implementation of Back Bay Flap Valve Program 66.73
534	Construction of Borough Yard Garage 93,980.91
551	Inspection and Evaluation of Sanitary Sewerage Force Main 12,462.94
566	Installation of Solar Panels in the Municipal Building 16,883.20
569	Sanitary Sewer Repairs 54,651.85
581	Bergen and Lagoon Lane Road Improvements 146,173.17
582	Sanitary Force Main Investigation and Condition Evaluation 41,298.33
583	Storm Sewer Investigation 4,778.18
585	Flap Valve Program 11,000.00
586	Bergen and Channel Road Improvements 38,294.87
595	Old Bridge Street and Bay Avenue Road Construction 7,596.46
597	Replacement of Firehouse Apron 5,632.45
598	Improvements to Sanitary Sewer System Facilities 6,503.60
599	Flap Valve Program 10,936.75
600	Construction of ADA Walkway #4 16,517.65
601	Purchase of Emergency Management Radios 1,490.10
607	Old Bridge Street and Bay Avenue Road Construction 61,364.42
608	Replacement of Firehouse Doors 15,658.34
609	Purchase of Police Cameras 26,918.00
610	Bay Avenue Drainage Improvements 12,834.21
611	Improvement of ADA Walkway #4 3,600.00
612	Construction of Lyman Street Dune Walkover 79,554.50
626	Herbert Street Pump Station Reconstruction 209,579.89
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for of the Operations of the Mantoloking Firehouse, Police Department and Public Works Department 50,897.49
639	Various Road and Sidewalk Improvements (309.00)
640	Preliminary Expenses in Connection with the Construction of a Municipal Building 22,930.11
643	Acquisition of Sport Utility Vehicles (95,235.00)
644	Various Capital Improvements (119,470.00)
654	Beach Protection Improvements 129,969.59
656	Construction of a New Municipal Building (25,122.36)
658	Various Capital Improvements (53,855.57)
659	Beach Protection Improvements 147,116.00
	<b><u>\$1,916,441.29</u></b>

**Ref.**

C

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016		
					Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
534	Construction of Borough Yard Garage	\$28,000.00		\$28,000.00	\$28,000.00		
569	Sanitary Sewer Repairs	52,000.00		52,000.00	52,000.00		
581	Bergen and Lagoon Lane Road Improvements	147,444.68		147,444.68	147,173.00		\$271.68
582	Sanitary Force Main Investigation and Condition Evaluation	39,000.00		39,000.00	39,000.00		
586	Bergen and Channel Road Improvements	38,553.59		38,553.59	38,553.00		0.59
595	Old Bridge Street and Bay Avenue Road Construction	7,698.57		7,698.57	7,698.00		0.57
597	Replacement of Firehouse Apron	5,000.00		5,000.00	5,000.00		
598	Improvements to Sanitary Sewer System Facilities	6,545.98		6,545.98	6,545.00		0.98
599	Flap Valve Program	10,000.00		10,000.00	10,000.00		
607	Old Bridge Street and Bay Avenue Road Construction	61,755.39		61,755.39	61,755.00		0.39
608	Replacement of Firehouse Doors	15,758.00		15,758.00	15,758.00		
609	Purchase of Police Cameras	66,000.00		66,000.00	66,000.00		
610	Bay Avenue Drainage Improvements	15,935.17		15,935.17	15,935.00		0.17
612	Construction of Lyman Street Dune Walkover	80,000.00		80,000.00	80,000.00		
626	Herbert Street Pump Station Reconstruction	1,099,610.44		1,099,610.44	1,099,610.44		
627	Purchase of Emergency Services Radio System	57,000.00		57,000.00	57,000.00		
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department	75,758.73		75,758.73	75,758.00		0.73
639	Various Road and Sidewalk Improvements	663,809.00		663,809.00	663,500.00	\$309.00	
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	285,714.00		285,714.00	285,714.00		
643	Acquisition of Sport Utility Vehicles	95,235.00		95,235.00		95,235.00	
644	Various Capital Improvements	120,412.00		120,412.00		119,470.00	942.00
656	Construction of a New Municipal Building		\$5,500,000.00	5,500,000.00		25,122.36	5,474,877.64
658	Various Capital Improvements		275,000.00	275,000.00			275,000.00
		<u>\$2,971,230.55</u>	<u>\$5,775,000.00</u>	<u>\$8,746,230.55</u>	<u>\$2,754,999.44</u>	<u>\$240,136.36</u>	<u>\$5,751,094.75</u>

**Ref.**

C

C-5

C

Bond Anticipation Notes

\$2,755,000.00

Less: Cash of Hand to Pay Notes

Ordinance

Number

Improvement Description

626

Herbert Street Pump Station Reconstruction

0.56

\$2,754,999.44

**BOROUGH OF MANTOLOKING  
COUNTY OF OCEAN  
STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance December 31, 2015			2016 Authorizations	Cash Disbursements	Balance December 31, 2016		
				Funded	Unfunded	Encumbrances			Encumbrances	Funded	Unfunded
General Improvements:											
518	Implementation of Back Bay Flap Valve Program	3/27/06	\$19,000.00	\$66.73						\$66.73	
534	Construction of Borough Yard Garage	4/23/07	120,000.00	65,980.91	\$28,000.00	\$10.38			\$10.38	65,980.91	\$28,000.00
551	Inspection and Evaluation of Sanitary Sewerage Force Main	5/19/08	19,000.00	12,462.94						12,462.94	
566	Installation of Solar Panels in the Municipal Building	5/18/09	19,000.00	16,883.20						16,883.20	
569	Sanitary Sewer Repairs	5/18/09	55,000.00	2,651.85	52,000.00	19.27			19.27	2,651.85	52,000.00
581	Bergen and Lagoon Lane Road Improvements	4/19/10	368,000.00		146,444.85	69.01			69.01		146,444.85
582	Sanitary Force Main Investigation and Condition Evaluation	4/19/10	42,000.00	2,298.33	39,000.00					2,298.33	39,000.00
583	Storm Sewer Investigation	4/19/10	20,000.00	4,778.18						4,778.18	
585	Flap Valve Program	4/19/10	11,000.00	11,000.00						11,000.00	
586	Bergen and Channel Road Improvements	4/19/10	94,000.00		38,295.46	14.29			14.29		38,295.46
595	Old Bridge Street and Bay Avenue Road	4/18/11	240,000.00		7,597.03	52.85			52.85		7,597.03
597	Replacement of Firehouse Apron	4/18/11	6,000.00	632.45	5,000.00					632.45	5,000.00
598	Improvements to Sanitary Sewer System Facilities	4/18/11	10,000.00		6,504.58						6,504.58
599	Flap Valve Program	4/18/11	11,000.00	936.75	10,000.00					936.75	10,000.00
600	Construction of ADA Walkway #4	4/18/11	26,000.00	16,517.65						16,517.65	
601	Purchase of Emergency Management Radios	5/16/11	11,000.00	1,490.10						1,490.10	
607	Old Bridge Street and Bay Avenue Road Construction	3/26/12	90,000.00		61,364.81						61,364.81
608	Replacement of Firehouse Doors	4/23/12	22,000.00		15,658.34						15,658.34
609	Purchase of Police Cameras	4/23/12	70,000.00		33,031.75			\$6,113.75			26,918.00
610	Bay Avenue Drainage Improvements	4/23/12	28,000.00		15,834.38			3,000.00			12,834.38
611	Improvement of ADA Walkway #4	4/23/12	5,000.00	3,600.00						3,600.00	
612	Construction of Lyman Street Dune Walkover	4/23/12	85,000.00		79,554.50						79,554.50
626	Herbert Street Pump Station Reconstruction	8/20/13	1,200,000.00		215,430.46			5,850.57			209,579.89
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department	9/17/13	125,000.00		50,898.22						50,898.22
639	Various Road and Sidewalk Improvements	7/15/14	697,000.00		62,503.50	470,713.13		533,216.63			
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	7/15/14	300,000.00		267,545.72	6,450.00		150,843.11	100,222.50		22,930.11
643	Acquisition of Sport Utility Vehicles	4/21/15	100,000.00		3,645.78			2,682.58	963.20		
644	Various Capital Improvements	5/19/15	126,750.00		67,872.00			11,040.00	55,890.00		942.00
654	Beach Protection Improvements	2/16/16	200,000.00				\$200,000.00	70,030.41		129,969.59	
656	Construction of a New Municipal Building	5/17/16	5,500,000.00				5,500,000.00	14,499.68	10,622.68		5,474,877.64
658	Various Capital Improvements	9/20/16	489,500.00				489,500.00	68,355.57			421,144.43
659	Beach Protection Improvements	9/20/16	200,000.00				200,000.00	52,884.00		147,116.00	
				<u>\$139,299.09</u>	<u>\$1,206,181.38</u>	<u>\$477,328.93</u>	<u>\$6,389,500.00</u>	<u>\$918,516.30</u>	<u>\$167,864.18</u>	<u>\$416,384.68</u>	<u>\$6,709,544.24</u>
	<b>Ref.</b>			C	C	C		C-2	C	C	C
	Capital Improvement Fund										
	Deferred Charges to Future Taxation - Unfunded						\$14,500.00				
	NJ DOT Grant Receivable						5,775,000.00				
	Reserve for Beach Replenishment						200,000.00				
							400,000.00				
							<u>\$6,389,500.00</u>				

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$41,791.03
Increased by:		
Budget Appropriation	C-2	100.00
		<u>41,891.03</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-5	14,500.00
		<u>14,500.00</u>
Balance, December 31, 2016	C	<u><u>\$27,391.03</u></u>

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**Year Ended December 31, 2016**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Balance Dec. 31, 2015</b>	<b>2016 Authorizations</b>	<b>Balance Dec. 31, 2016</b>
General Improvements:				
581	Bergen and Lagoon Lane Road Improvements	\$271.68		\$271.68
586	Bergen and Channel Road Improvements	0.59		0.59
595	Old Bridge Street and Bay Avenue Road Construction	0.57		0.57
598	Improvements to Sanitary Sewer System Facilities	0.98		0.98
607	Old Bridge Street and Bay Avenue Road Construction	0.39		0.39
610	Bay Avenue Drainage Improvements	0.17		0.17
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department	0.73		0.73
639	Various Road and Sidewalk Improvements the Construction of a Municipal Building	309.00		309.00
643	Acquisition of Sport Utility Vehicles	95,235.00		95,235.00
644	Various Capital Improvements	120,412.00		120,412.00
656	Construction of a New Municipal Building		\$5,500,000.00	5,500,000.00
658	Various Capital Improvements		275,000.00	275,000.00
		<u>\$216,231.11</u>	<u>\$5,775,000.00</u>	<u>\$5,991,231.11</u>
		<b>Ref.</b> (Footnote C)	C-5	(Footnote C)



**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2016**

Ordinance Number	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
534	Construction of Borough Yard Garage	7/22/15	7/22/15	4/14/16	0.79%	\$28,000.00		\$28,000.00	
569	Sanitary Sewer Repairs	7/22/15	7/22/15	4/14/16	0.79%	52,000.00		52,000.00	
581	Bergen and Lagoon Lane Road Improvements	7/22/15	7/22/15	4/14/16	0.79%	147,173.00		147,173.00	
582	Sanitary Force Main Investigation and Condition Evaluation	7/22/15	7/22/15	4/14/16	0.79%	39,000.00		39,000.00	
586	Bergen and Channel Road Improvements	7/22/15	7/22/15	4/14/16	0.79%	38,553.00		38,553.00	
595	Old Bridge Street and Bay Avenue Road Construction	7/22/15	7/22/15	4/14/16	0.79%	7,698.00		7,698.00	
597	Replacement of Firehouse Apron	7/22/15	7/22/15	4/14/16	0.79%	5,000.00		5,000.00	
598	Improvements to Sanitary Sewer System Facilities	7/22/15	7/22/15	4/14/16	0.79%	6,545.00		6,545.00	
599	Flap Valve Program	7/22/15	7/22/15	4/14/16	0.79%	10,000.00		10,000.00	
607	Old Bridge Street and Bay Avenue Road Construction	7/22/15	7/22/15	4/14/16	0.79%	61,755.00		61,755.00	
608	Replacement of Firehouse Doors	7/22/15	7/22/15	4/14/16	0.79%	15,758.00		15,758.00	
609	Purchase of Police Cameras	7/22/15	7/22/15	4/14/16	0.79%	66,000.00		66,000.00	
610	Bay Avenue Drainage Improvements	7/22/15	7/22/15	4/14/16	0.79%	15,935.00		15,935.00	
612	Construction of Lyman Street Dune Walkover	7/22/15	7/22/15	4/14/16	0.79%	80,000.00		80,000.00	
626	Herbert Street Pump Station Reconstruction	7/22/15	7/22/15	4/14/16	0.79%	1,099,611.00		1,099,611.00	
627	Purchase of Emergency Services Radio System	7/22/15	7/22/15	4/14/16	0.79%	57,000.00		57,000.00	
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department	7/22/15	7/22/15	4/14/16	0.79%	75,758.00		75,758.00	
639	Various Road and Sidewalk Improvements the Construction of a Municipal Building	7/22/15	7/22/15	4/14/16	0.79%	663,500.00		663,500.00	
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	7/22/15	7/22/15	4/14/16	0.79%	285,714.00		285,714.00	

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2016**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2015</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2016</b>	
534	Construction of Borough Yard Garage	7/22/15	4/13/16	4/12/17	2.00%		\$28,000.00		\$28,000.00	
569	Sanitary Sewer Repairs	7/22/15	4/13/16	4/12/17	2.00%		52,000.00		52,000.00	
581	Bergen and Lagoon Lane Road Improvements	7/22/15	4/13/16	4/12/17	2.00%		147,173.00		147,173.00	
582	Sanitary Force Main Investigation and Condition Evaluation	7/22/15	4/13/16	4/12/17	2.00%		39,000.00		39,000.00	
586	Bergen and Channel Road Improvements	7/22/15	4/13/16	4/12/17	2.00%		38,553.00		38,553.00	
595	Old Bridge Street and Bay Avenue Road Construction	7/22/15	4/13/16	4/12/17	2.00%		7,698.00		7,698.00	
597	Replacement of Firehouse Apron	7/22/15	4/13/16	4/12/17	2.00%		5,000.00		5,000.00	
598	Improvements to Sanitary Sewer System Facilities	7/22/15	4/13/16	4/12/17	2.00%		6,545.00		6,545.00	
599	Flap Valve Program	7/22/15	4/13/16	4/12/17	2.00%		10,000.00		10,000.00	
607	Old Bridge Street and Bay Avenue Road Construction	7/22/15	4/13/16	4/12/17	2.00%		61,755.00		61,755.00	
608	Replacement of Firehouse Doors	7/22/15	4/13/16	4/12/17	2.00%		15,758.00		15,758.00	
609	Purchase of Police Cameras	7/22/15	4/13/16	4/12/17	2.00%		66,000.00		66,000.00	
610	Bay Avenue Drainage Improvements	7/22/15	4/13/16	4/12/17	2.00%		15,935.00		15,935.00	
612	Construction of Lyman Street Dune Walkover	7/22/15	4/13/16	4/12/17	2.00%		80,000.00		80,000.00	
626	Herbert Street Pump Station Reconstruction	7/22/15	4/13/16	4/12/17	2.00%		1,099,611.00		1,099,611.00	
627	Purchase of Emergency Services Radio System	7/22/15	4/13/16	4/12/17	2.00%		57,000.00		57,000.00	
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department	7/22/15	4/13/16	4/12/17	2.00%		75,758.00		75,758.00	
639	Various Road and Sidewalk Improvements the Construction of a Municipal Building	7/22/15	4/13/16	4/12/17	2.00%		663,500.00		663,500.00	
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	7/22/15	4/13/16	4/12/17	2.00%		285,714.00		285,714.00	
							<u>\$2,755,000.00</u>	<u>\$2,755,000.00</u>	<u>\$2,755,000.00</u>	<u>\$2,755,000.00</u>
					<b>Ref.</b>		C	C-2	C-2	C

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS**  
**Year Ended December 31, 2016**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>	<b><u>Additions</u></b>	<b><u>Dispositions</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2016</u></b>
General Fixed Assets:				
Land	\$1,169,100.00			\$1,169,100.00
Buildings	1,355,189.07			1,355,189.07
Machinery and Equipment	<u>2,106,283.52</u>	<u>\$621,015.25</u>		<u>2,727,298.77</u>
	<u>\$4,630,572.59</u>	<u>\$621,015.25</u>	<u>-</u>	<u>\$5,251,587.84</u>
<b><u>Ref.</u></b>	D			D

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART III**

**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**

**YEAR ENDED DECEMBER 31, 2016**

**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**

To the Honorable Mayor and  
Members of the Borough Council  
Borough of Mantoloking  
County of Ocean  
Mantoloking, 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the regulatory basis financial statements of the Borough of Mantoloking, County of Ocean, State of New Jersey (the "Borough") as of and for the year ended December 31, 2016, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated May 5, 2017, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We expressed an unmodified opinion on the regulatory basis financial statements as to conformity with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

## **Internal Control Over Financial Reporting (continued)**

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 regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this Report**

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



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
May 5, 2017

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART IV**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2016**

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

N.J.S. 40A:11-4 states “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law.”

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the municipal attorney’s opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Emergency Storm Response Earthwork Activities  
New Mantoloking Municipal Building

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

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods or services other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

**Purchases, Contracts or Agreements not Required to be Advertised by N.J.S. 40A:11-6.1**

N.J.S. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered.”



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

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

On January 5, 2016 the governing body adopted the following resolution authorizing interest to be charged for nonpayment of taxes:

RESOLVED, that the Tax Collector of the Borough of Mantoloking is hereby directed to charge and collect interest at eight percent (8%) per annum on the first \$1,500 of any delinquency, and eighteen percent (18%) per annum on any amount of in excess of \$1,500 to be calculated from the date the tax was payable to the date of actual payment.

RESOLVED, that the Tax Collector of the Borough of Mantoloking is hereby directed to charge and collect an additional penalty at the rate of six percent (6%) of the amount of delinquency from each taxpayer with a delinquency in excess of \$10,000 who shall fail to pay that delinquency prior to the end of the calendar year.

FURTHER RESOLVED, that the interest on any delinquency shall be computed from the date the monies are due or become delinquent, except that no interest shall be charged on any installment payment if payment of said installment is made within ten (10) days after the date upon which same becomes payable.

Based upon our audit of the tax collector’s records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

**Tax Title Liens**

The Borough did not have a tax sale in 2016 and had no tax title liens receivable on December 31, 2016, 2015 or 2014.

**COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31**

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$1,066,220.66	*
2015	968,238.22	\$700,000.00
2014	1,242,871.28	855,200.00

\* The 2017 budget has yet to be introduced.

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Municipal	\$0.252	\$0.247	\$0.242
Local School	0.010	0.006	0.006
County	<u>0.432</u>	<u>0.430</u>	<u>0.379</u>
Total tax rate	<u><u>\$0.694</u></u>	<u><u>\$0.683</u></u>	<u><u>\$0.627</u></u>

**ASSESSED VALUATIONS**

2016	\$1,292,275,500.00
2015	1,245,141,753.00
2014	1,225,331,134.00

**COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2016	\$9,101,036.03	\$9,019,596.40	99.11%
2015	8,621,957.42	8,507,004.61	98.67%
2014	7,709,479.45	7,574,809.09	98.25%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Delinquent taxes	<u><u>\$78,087.77</u></u>	<u><u>\$96,573.37</u></u>	<u><u>\$86,641.86</u></u>
% of tax levy	0.86%	1.12%	1.12%

## **SUMMARY OF MUNICIPAL DEBT**

<u>Issued</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bond anticipation notes	\$2,755,000.00	\$2,755,000.00	\$0.00
Less:			
Funds on hand to pay bonds and notes	<u>1,888.78</u>	<u>1,888.78</u>	<u>1,888.22</u>
Net Debt Issued	2,753,111.22	2,753,111.22	(1,888.22)
<u>Authorized but not issued</u>			
General bonds and notes	<u>5,991,231.11</u>	<u>216,231.11</u>	<u>2,831,282.55</u>
Net bonds and notes issued and and authorized but not issued	<u><u>\$8,744,342.33</u></u>	<u><u>\$2,969,342.33</u></u>	<u><u>\$2,829,394.33</u></u>

## **SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.673%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u><u>\$8,746,231.11</u></u>	<u><u>\$1,888.78</u></u>	<u><u>\$8,744,342.33</u></u>

Net Debt \$8,744,342.33 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,298,547,291.67 equals 0.673%.

## **BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED**

3 1/2% of Equalized Valuation Basis	\$45,449,155.21
Net Debt	<u>8,744,342.33</u>
Remaining Borrowing Power	<u><u>\$36,704,812.88</u></u>

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b><u>Name</u></b>	<b><u>Position</u></b>
George C. Nebel	Mayor
Ann Elizabeth Nelson	Council President
Alan Laymon	Councilman
Christopher R. Nelson	Councilman
Evan S. Gillingham	Councilman
Peter R. Strohm	Councilman
E. Laurence White	Councilman
Beverly A. Konopada	Borough Clerk, Registrar, Assessment Search Officer
April J. Yezzi	Chief Financial Officer, Tax Collector, Tax Search Officer, Qualified Purchasing Agent
Elizabeth L. Boettger	Court Administrator
James A. Liguori	Magistrate

A Government Crime Policy in the amount of \$1,000,000.00 was in effect during 2016. This insurance coverage was provided to the Borough through its participation in the New Jersey Intergovernmental Insurance Fund.

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART V**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

**BOROUGH OF MANTOLOKING**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2016**

**Current Year Recommendations**

None Noted

**Status of Prior Year Recommendations**

The Borough has resolved all prior year recommendations.