

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 2017

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COUNTY OF OCEAN
STATE OF NEW JERSEY

FINANCIAL STATEMENTS
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Year Ended December 31, 2017

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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, 2017

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, 2017 and 2016, 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, 2017, 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; this includes 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 audits 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, 2017 and 2016, or changes in its 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, 2017 and 2016, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statement of fund balance - regulatory basis for the years then ended, and the statement of revenues - regulatory basis for the year ended December 31, 2017 and the statement of expenditures - regulatory basis for the year ended December 31, 2017 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, which 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 the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 13, 2018 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
August 13, 2018

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents:			
Cash			
Change Funds	A-4	\$6,119,241.02	\$3,853,813.79
		200.00	200.00
		<u>6,119,441.02</u>	<u>3,854,013.79</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	62,275.47	78,087.77
Sewer Charges Receivable	A-6	2,406.32	2,082.45
Revenue Accounts Receivable	A-7	327.62	2,207.68
Due from Federal and State Grant Fund			16,083.18
Due from Animal Control Fund		54.70	24.40
	A	<u>65,064.11</u>	<u>98,485.48</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-54)			926,666.00
		<u>6,184,505.13</u>	<u>4,879,165.27</u>
Federal and State Grant Fund:			
Grants Receivable			
Due from Current Fund	A-12	151,126.57	232,618.33
		42,224.56	
		<u>193,351.13</u>	<u>232,618.33</u>
		<u>\$6,377,856.26</u>	<u>\$5,111,783.60</u>

See Accompanying Notes

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Appropriation Reserves	A-3,A-8	\$412,213.43	\$440,435.68
Reserve for Encumbrances	A-15	85,753.81	57,065.53
Prepaid Taxes		2,153,306.61	205,026.38
Tax Overpayments		21,198.42	9,858.49
Sewer Overpayments		131.60	90.90
County Taxes Payable	A-9	37,809.58	82,574.40
Local District School Taxes Payable	A-10	47,103.65	50,384.25
Special Emergency Notes Payable			1,100,000.00
Due to General Capital Fund		1,072,995.94	
Due to Federal and State Grant Fund		42,224.56	
Due to State of New Jersey (P.L. 1971, C. 20)		1,730.00	1,230.00
Various Reserves	A-11	871,881.48	1,767,793.50
		<u>4,746,349.08</u>	<u>3,714,459.13</u>
Reserves for Receivables and Other Assets	A	65,064.11	98,485.48
Fund Balance	A-1	1,373,091.94	1,066,220.66
		<u>6,184,505.13</u>	<u>4,879,165.27</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-13	184,015.12	206,385.46
Unappropriated Reserves	A-14	9,336.01	10,149.69
Due to Current fund			16,083.18
		<u>193,351.13</u>	<u>232,618.33</u>
		<u>\$6,377,856.26</u>	<u>\$5,111,783.60</u>

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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$650,000.00	\$700,000.00
Miscellaneous Revenue Anticipated	A-2	2,813,859.31	1,723,974.50
Receipts from Delinquent Taxes	A-2	78,087.77	96,573.37
Receipts from Current Taxes	A-2	9,411,232.17	9,019,596.40
Non-Budget Revenues	A-2	197,513.00	73,036.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	288,804.59	276,517.33
Interfunds Returned		16,083.18	292,272.98
Total Revenue		<u>13,455,580.02</u>	<u>12,181,970.59</u>
<u>Expenditures</u>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	1,936,530.00	1,791,764.00
Other Expenses	A-3	1,762,498.00	1,762,130.00
Deferred Charges and Statutory Expenditures	A-3	407,000.00	404,175.00
Budget Appropriations Excluded from CAPS:			
Operations:			
Salaries and Wages			49,000.00
Other Expenses	A-3	139,963.69	183,892.20
Capital Improvements	A-3	100.00	200,100.00
Municipal Debt Service	A-3	1,348,254.45	30,289.48
Deferred Charges	A-3	926,666.00	1,126,667.00
County Taxes	A-9	5,854,497.60	5,654,698.85
Local District School Tax	A-10	123,199.00	128,668.00
Grant Appropriated Reserve Adjustment			35,686.83
Refunds and Other Reimbursements			833.61
Interfunds Advanced			16,083.18
Total Expenditures		<u>12,498,708.74</u>	<u>11,383,988.15</u>
Excess in Revenue		956,871.28	797,982.44
Fund Balance January 1	A	<u>1,066,220.66</u>	<u>968,238.22</u>
		2,023,091.94	1,766,220.66
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>650,000.00</u>	<u>700,000.00</u>
Fund Balance December 31	A	<u><u>\$1,373,091.94</u></u>	<u><u>\$1,066,220.66</u></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, 2017

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$650,000.00		\$650,000.00	
Miscellaneous Revenues:					
Municipal Court Fines and Costs	A-7	44,755.00		34,110.87	(\$10,644.13)
Interest and Costs on Taxes	A-7	23,727.00		24,586.83	859.83
Interest on Investments and Deposits	A-7	2,266.00		5,156.93	2,890.93
Sewer Service Revenue	A-6,A-7	135,132.00		149,651.48	14,519.48
Energy Receipts Tax	A-7	147,440.00		147,440.00	
Uniform Construction Code Fees	A-7	136,955.00		129,964.00	(6,991.00)
Beach Badge Fees	A-7	37,305.00		74,959.85	37,654.85
Alcohol Education and Rehabilitation Fund	A-12	725.18		725.18	
Body Armor Fund	A-12	1,141.59		1,141.59	
Clean Communities Program	A-12	4,000.00		4,000.00	
Recycling Tonnage	A-12	4,282.92		4,282.92	
2017 Distracted Driving Crackdown	A-12	5,500.00		5,500.00	
2017 Year End Holiday Crackdown	A-12		\$5,500.00	5,500.00	
Reserve for Insurance Proceeds	A-7	23,061.00		23,061.05	0.05
CATV Franchise Fees	A-7	4,700.00		5,706.84	1,006.84
Recycling	A-7	450.00		1,388.93	938.93
Reserve for FEMA Reimbursements	A-7	195,327.00		195,327.00	
Reserve for FEMA Reimbursements	A-7	1,168,205.00		1,168,205.00	
Non-Federal Cost Share Match Program - State of NJ	A-7	395,585.00		526,924.35	131,339.35
Non-Federal Cost Share Match Program - County of Ocean	A-7	306,226.00		306,226.49	0.49
	A-1	2,636,783.69	5,500.00	2,813,859.31	171,575.62

See Accompanying Notes

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>		<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	
Receipts from Delinquent Taxes	A-1, A-2	\$60,274.00		\$17,813.77
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2, A-5	3,470,566.00		237,969.57
Budget Totals				
Non-Budget Revenues	A-2	6,817,623.69	\$5,500.00	\$427,358.96
		<u>\$6,817,623.69</u>	<u>\$5,500.00</u>	<u>\$7,447,995.65</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, 2017

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,A-5	\$9,411,232.17
Allocated to School and County Taxes		<u>5,977,696.60</u>
Balance for Support of Municipal Budget Appropriations		3,433,535.57
Add:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>275,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$3,708,535.57</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-2,A-5	<u><u>\$78,087.77</u></u>
<u>Analysis of Non-Budget Revenues:</u>		
FEMA Reimbursements		\$131,830.95
NJ DOT Reimbursement of Prior Year Expenses		27,000.00
Fees and Permits		26,899.25
Variance Applications		4,950.00
Police Outside Administration Fees		4,541.50
Miscellaneous		1,396.28
Certified Lists		341.25
Fire Safety LEA		291.85
DMV Inspection Fees		100.00
Senior Citizens and Veterans Administrative Fee		75.00
Copies and OPRA Fees		59.42
Police Fees		27.50
	A-1,A-2,A-4	<u><u>\$197,513.00</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, 2017

	<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>					
GENERAL GOVERNMENT					
Municipal Clerk's Office					
Salaries and Wages	\$140,255.00	\$142,255.00	\$140,083.48	\$2,171.52	
Other Expenses	64,080.00	64,080.00	50,645.55	13,434.45	
Financial Administration					
Salaries and Wages	126,533.00	129,633.00	128,036.86	1,596.14	
Other Expenses	40,000.00	43,500.00	36,929.88	6,570.12	
Auditing Services					
Other Expenses	30,000.00	30,000.00	26,500.00	3,500.00	
Collection of Taxes					
Other Expenses	1,500.00	1,500.00	1,131.86	368.14	
Accumulated Leave Compensation					
Other Expenses	35,000.00	35,000.00	35,000.00		
Assessment of Taxes					
Salaries and Wages	17,000.00	17,000.00	16,919.80	80.20	
Other Expenses	1,500.00	1,500.00	1,323.92	176.08	
Legal Services and Costs					
Other Expenses	150,000.00	150,000.00	120,933.14	29,066.86	
Engineering Services and Costs					
Other Expenses	186,000.00	186,000.00	169,216.36	16,783.64	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	76,244.00	76,244.00	55,546.62	20,697.38	
Other Expenses	34,000.00	34,000.00	26,800.91	7,199.09	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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>					
INSURANCE					
General Liability	\$95,000.00	\$107,500.00	\$101,733.87	\$5,766.13	
Workers Compensation	79,500.00	79,500.00	74,866.00	4,634.00	
Employee Group Health	280,000.00	280,000.00	239,342.20	40,657.80	
Health Benefits Waiver	15,000.00	15,000.00	5,833.34	9,166.66	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	1,124,150.00	1,109,150.00	1,082,892.72	26,257.28	
Other Expenses	149,500.00	164,500.00	159,246.93	5,253.07	
Emergency Management Services					
Other Expenses	5,000.00	5,000.00	4,195.00	805.00	
Aid to Ambulance Companies					
Other Expenses	1,500.00	1,500.00	1,500.00		
Fire Prevention					
Other Expenses	26,000.00	26,000.00	19,500.00	6,500.00	
Uniform Fire Safety Act (P.L. 1983, C383)					
Salaries and Wages	4,728.00	4,728.00	3,857.04	870.96	
Municipal Prosecutor					
Other Expenses	6,000.00	6,000.00	6,000.00		
Municipal Court					
Salaries and Wages	40,950.00	40,950.00	38,511.12	2,438.88	
Other Expenses	7,700.00	7,700.00	1,155.18	6,544.82	
Public Defender					
Other Expenses	1,000.00	1,000.00	250.00	750.00	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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>					
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	\$206,572.00	\$206,572.00	\$157,501.48	\$49,070.52	
Other Expenses	62,500.00	42,500.00	33,512.12	8,987.88	
Solid Waste Collection					
Other Expenses	137,000.00	137,000.00	134,444.76	2,555.24	
Building and Grounds					
Other Expenses	36,700.00	29,200.00	23,477.66	5,722.34	
Sewer System					
Other Expenses	18,868.00	28,868.00	21,372.45	7,495.55	
HEALTH AND HUMAN SERVICES					
Animal Control Services					
Other Expenses	6,600.00	6,600.00	3,919.00	2,681.00	
PARK AND RECREATION					
Administration of Beach Access					
Salaries and Wages	91,098.00	91,098.00	58,272.75	32,825.25	
Other Expenses	4,050.00	4,050.00	3,137.44	912.56	
Beach Maintenance					
Other Expenses	131,000.00	131,000.00	117,233.58	13,766.42	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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	\$97,000.00	\$93,400.00	\$88,746.42	\$4,653.58	
Other Expenses	17,500.00	17,500.00	7,851.46	9,648.54	
Plumbing Official					
Salaries and Wages	7,500.00	7,500.00	7,420.00	80.00	
Fire Protection Official					
Salaries and Wages	7,500.00	7,500.00	6,045.77	1,454.23	
Electrical Inspector					
Salaries and Wages	10,500.00	10,500.00	4,970.00	5,530.00	
UNCLASSIFIED					
Utility Expenses					
Electricity	30,000.00	30,000.00	27,298.52	2,701.48	
Telephone	18,000.00	18,000.00	16,742.17	1,257.83	
Water	2,500.00	2,500.00	1,174.50	1,325.50	
Water - Fire Hydrants	35,000.00	35,000.00	27,754.81	7,245.19	
Natural Gas	6,000.00	6,000.00	5,530.38	469.62	
Gasoline	35,000.00	35,000.00	20,414.42	14,585.58	
Total Operations - Within "CAPS"	3,699,028.00	3,699,028.00	3,314,771.47	384,256.53	
Contingent					
Total Operations Including Contingent Within "CAPS"	3,699,028.00	3,699,028.00	3,314,771.47	384,256.53	
Salaries and Wages	1,950,030.00	1,936,530.00	1,788,804.06	147,725.94	
Other Expenses (including Contingent)	1,748,998.00	1,762,498.00	1,525,967.41	236,530.59	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

A-3
Sheet 5 of 7

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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	\$67,000.00	\$67,000.00	\$57,707.40	\$9,292.60	
Social Security System (O.A.S.I.)	95,000.00	95,000.00	81,037.70	13,962.30	
Police and Firemen's Retirement System of N.J.	195,000.00	195,000.00	193,671.00	1,329.00	
Defined Contribution Retirement Program	40,000.00	40,000.00	40,000.00		
Unemployment Insurance	10,000.00	10,000.00	10,000.00		
Total Deferred Charges and Statutory Expenditures Within "CAPS"	407,000.00	407,000.00	382,416.10	24,583.90	
Total General Appropriations for Municipal Purposes Within "CAPS"	4,106,028.00	4,106,028.00	3,697,187.57	408,840.43	
<u>Operations Excluded from "CAPS"</u>					
SEWER SYSTEM					
Ocean County Utilities Authority	104,814.00	104,814.00	104,814.00		
Share of Costs					

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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>					
Total Other Operations Excluded from "CAPS"	\$104,814.00	\$104,814.00	\$104,814.00		
Additional Appropriations Offset by Revenues					
Beach Maintenance					
Other Expenses	14,000.00	14,000.00	10,627.00	\$3,373.00	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Alcohol Education Rehabilitation Fund	725.18	725.18	725.18		
Body Armor Fund	1,141.59	1,141.59	1,141.59		
Clean Communities Program	4,000.00	4,000.00	4,000.00		
Recycling Tonnage Grant	4,282.92	4,282.92	4,282.92		
2017 Distracted Driving Crackdown	5,500.00	5,500.00	5,500.00		
2017 Year End Holiday Crackdown (40A:4-87, \$5,500+)		5,500.00	5,500.00		
Total Public and Private Programs Offset by Revenues	15,649.69	21,149.69	21,149.69		
Total Operations Excluded from "CAPS"	134,463.69	139,963.69	136,590.69	3,373.00	
Detail:					
Other Expenses	134,463.69	139,963.69	136,590.69	3,373.00	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2017

	<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>					
<u>Capital Improvement Fund</u>	\$100.00	\$100.00	\$100.00		
<u>Municipal Debt Service Excluded from "CAPS"</u>					
Payment of Bond Anticipation Notes and Capital Notes	1,191,266.00	1,191,266.00	1,191,266.00		
Interest on Bonds	104,750.00	104,750.00	77,886.94		\$26,863.06
Interest on Notes	79,350.00	79,350.00	79,101.51		248.49
Total Municipal Debt Service - Excluded From "CAPS"	1,375,366.00	1,375,366.00	1,348,254.45		27,111.55
<u>Deferred Charges - Municipal - Excluded from "CAPS"</u>					
Emergency Authorizations					
Special Emergency Authorizations -					
5 Years (N.J.S. 40A:4-54)	926,666.00	926,666.00	926,666.00		
<u>Total General Appropriations for Municipal</u>					
Purposes Excluded from "CAPS"				\$3,373.00	
Subtotal General Appropriations	2,436,595.69	2,442,095.69	2,411,611.14	412,213.43	
Reserve for Uncollected Taxes	6,542,623.69	6,548,123.69	6,108,798.71		
Total General Appropriations	275,000.00	275,000.00	275,000.00		
	<u>\$6,817,623.69</u>	<u>\$6,823,123.69</u>	<u>\$6,383,798.71</u>	<u>\$412,213.43</u>	<u>\$27,111.55</u>
	A-2		A-1	A, A-1	
Budget		\$6,817,623.69			
Appropriation by 40A:4-87		5,500.00			
		<u>\$6,823,123.69</u>			
<u>Disbursed</u>	<u>Ref.</u>				
Deferred Charge - Emergency Authorization (40A:4-54)	A-4		\$5,075,229.21		
Reserve for Encumbrances			926,666.00		
Appropriated Reserves for Federal and State Grants	A-15		85,753.81		
Reserve for Uncollected Taxes	A-13		21,149.69		
	A-2		275,000.00		
			<u>\$6,383,798.71</u>		

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Animal Control Fund:			
Cash and Cash Equivalents	B-1	<u>\$139.10</u>	<u>\$111.10</u>
Other Trust Fund:			
Cash and Cash Equivalents	B-1	<u>548,506.16</u>	<u>519,839.67</u>
		<u><u>\$548,645.26</u></u>	<u><u>\$519,950.77</u></u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	<u>\$84.40</u>	<u>\$86.70</u>
Due to Current Fund		<u>54.70</u>	<u>24.40</u>
		<u>139.10</u>	<u>111.10</u>
Other Trust Fund:			
Various Reserves	B-4	<u>548,506.16</u>	<u>519,839.67</u>
		<u><u>\$548,645.26</u></u>	<u><u>\$519,950.77</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, 2017 and 2016

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	C-2	\$4,862,225.19	\$1,916,441.29
Deferred Charges to Future Taxation:			
Funded	C-4	5,590,000.00	
Unfunded	C-5	1,857,410.05	8,746,230.55
Due from Current Fund		1,072,995.94	
Grants Receivable			200,000.00
		<u>\$13,382,631.18</u>	<u>\$10,862,671.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded			
Unfunded	C-6	\$707,244.64	\$416,384.68
General Serial Bonds	C-6	1,284,387.41	6,709,544.24
Bond Anticipation Notes	C-8	5,590,000.00	
Reserves for:	C-9	1,215,000.00	2,755,000.00
Encumbrances	C-6	2,572,266.54	167,864.18
Beach Replenishment		888,354.55	685,352.15
Payment of Debt Service		871,881.76	1,888.22
Municipal Parking Lot		58,939.47	58,939.47
Lyman Street Dune Walkover		30,184.46	30,184.46
Community Development Block Grant		1,500.00	1,500.00
Capital Improvement Fund	C-7	27,491.03	27,391.03
Fund Balance	C-1	135,381.32	8,623.41
		<u>\$13,382,631.18</u>	<u>\$10,862,671.84</u>

There were bonds and notes authorized but not issued of \$642,410.05 on December 31, 2017 and \$5,991,231.11 on December 31, 2016. (Schedule C-10)

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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$8,623.41	\$0.37
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2	7,521.00	8,623.04
Premium on Serial Bonds Issued	C-2	119,236.91	
		<u>126,757.91</u>	<u>8,623.04</u>
		135,381.32	8,623.41
Decreased by:			
Payment to Current Fund as Anticipated Revenue		-	-
Balance, December 31	C	<u><u>\$135,381.32</u></u>	<u><u>\$8,623.41</u></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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</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		2,673,578.06	2,727,298.77
		<u>\$5,197,867.13</u>	<u>\$5,251,587.84</u>
Investment in General Fixed Assets	D-1	<u>\$5,197,867.13</u>	<u>\$5,251,587.84</u>

See Accompanying Notes

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 2017.

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.

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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Descriptions of Funds (continued)

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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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.

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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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, 2017 and 2016 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	\$11,713,823.99	\$6,226,003.01
Uninsured and Uncollateralized	-	-
	<u>\$11,713,823.99</u>	<u>\$6,226,003.01</u>

In addition, as of December 31, 2017 and 2016, the Borough had \$62,127.09 and \$61,603.67 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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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.

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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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

Investments (continued)

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

On June 14, 2017, the Borough issued General Improvement Bonds, Series 2017 (the "Bonds") of \$5,590,000.00 at interest rates ranging from 2.00% to 4.00%, with effective yields from .85% to 3.15%. The Bonds were issued to currently refund \$1,226,641.00 of the Borough's \$1,246,154.00 bond anticipation note maturing on June 15, 2017, and to provide \$4,363,359.00 to finance various capital improvements. The Borough had no long-term debt outstanding on December 31, 2016.

Long-term bonded debt service requirements are as follows:

Year	General Capital Fund		
	Principal	Interest	Total
2018	\$170,000.00	\$166,200.00	\$336,200.00
2019	185,000.00	162,650.00	347,650.00
2020	200,000.00	157,800.00	357,800.00
2021	215,000.00	151,575.00	366,575.00
2022	305,000.00	143,775.00	448,775.00
2023-2027	1,515,000.00	560,475.00	2,075,475.00
2028-2032	1,500,000.00	336,375.00	1,836,375.00
2033-2037	1,500,000.00	112,500.00	1,612,500.00
	<u>\$5,590,000.00</u>	<u>\$1,791,350.00</u>	<u>\$7,381,350.00</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 3. DEBT (continued)

B. Short-Term Debt

Bond Anticipation Notes - General Capital Fund

On June 14, 2017 the Borough issued a bond anticipation note of \$1,215,000.00 at an interest rate of 2.25% per annum to provide funding for various capital improvements. All bond anticipation note principal with interest thereon is due on June 13, 2018.

On April 11, 2017 the Borough issued a bond anticipation note of \$1,246,154.00 at an interest rate of 1.00% per annum to provide funding for various capital improvements. All bond anticipation note principal with interest thereon was due on June 15, 2017.

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 to provide funding for various capital improvements. All bond anticipation note principal with interest thereon was due on April 12, 2017.

Special Emergency Notes - 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 to provide funding for Hurricane Sandy storm damage related special emergency authorizations. All special emergency note principal with interest thereon was due on April 12, 2017. There were no special emergency notes outstanding on December 31, 2017.

Short-term debt transactions for the years ended December 31, 2017 and 2016 are summarized as follows:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Current Fund</u>				
Special Emergency Notes	\$1,100,000.00	-	\$1,100,000.00	\$0.00
<u>General Capital Fund</u>				
Bond Anticipation Notes	2,755,000.00	\$2,461,154.00	4,001,154.00	1,215,000.00
	<u>\$3,855,000.00</u>	<u>\$2,461,154.00</u>	<u>\$5,101,154.00</u>	<u>\$1,215,000.00</u>
	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Current Fund</u>				
Special Emergency Notes	\$2,100,000.00	\$1,100,000.00	\$2,100,000.00	\$1,100,000.00
<u>General Capital Fund</u>				
Bond Anticipation Notes	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>

BOROUGH OF MANTOLOKING
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NOTES TO FINANCIAL STATEMENTS
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NOTE 3. DEBT (continued)

C. Bonds and Notes Authorized but not Issued

General Capital Fund

At December 31, 2017 and 2016, the Borough had bonds and notes authorized but not issued of \$642,410.05 and \$5,991,231.11, respectively.

NOTE 4. FIXED ASSETS

Fixed assets activity for the years ended December 31, 2017 and 2016 was as follows:

	Balance Dec. 31, 2016	Additions	Dispositions	Balance Dec. 31, 2017
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	\$183,421.00	\$237,141.71	2,673,578.06
	<u>\$5,251,587.84</u>	<u>\$183,421.00</u>	<u>\$237,141.71</u>	<u>\$5,197,867.13</u>
	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>

NOTE 5. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in the current fund budget for the years ending December 31, 2018 and 2017 were as follows:

For the year ended December 31, 2018

Current Fund \$700,000.00

For the year ended December 31, 2017

Current Fund \$650,000.00

BOROUGH OF MANTOLOKING
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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,	
	2017	2016
Prepaid Taxes	\$2,153,306.61	\$205,026.38

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 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, with the exception of bankruptcies. The date of the tax sale is at the discretion of the tax collector. The Borough is responsible for remitting one hundred percent of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school district 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, 2017 and 2016 were \$183,904.46 and \$248,811.64, 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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 district school taxes on a school year basis and has elected to defer these taxes at December 31, 2017 and 2016 as follows:

	Local District School Tax	
	2017	2016
Balance of tax	\$73,917.39	\$77,197.99
Deferred	26,813.74	26,813.74
Tax Payable	<u>\$47,103.65</u>	<u>\$50,384.25</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, 2017 and 2016 were \$29,756.40 and \$9,434.72, respectively.

NOTE 12. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2017 and 2016 are presented below:

	December 31, 2017	December 31, 2016
Receivables -		
General Capital Fund	\$1,072,995.94	
Federal and State Grant Fund	42,224.56	
Current Fund	54.70	\$16,107.58
	<u>\$1,115,275.20</u>	<u>\$16,107.58</u>
Payables -		
Current Fund	\$1,115,220.50	
Federal and State Grant Fund		\$16,083.18
Animal Control Fund	54.70	24.40
	<u>\$1,115,275.20</u>	<u>\$16,107.58</u>

Interfund balances resulted from the time lag between the dates that reimbursable expenses occurred, revenues/receipts were collected or when payments were made between funds.

BOROUGH OF MANTOLOKING
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 7.20% of base wages through June 30, 2017. Effective July 1, 2017 PERS employee contributions were 7.34% 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 five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

Unfunded 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, 2017.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 13. PENSION PLANS (continued)

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$1,845,726.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the Borough's proportion was 0.0079289226 percent, which was an increase of 0.0006108176 percent from its proportion measured as of June 30, 2016. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$57,707.40.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases		
Through 2026	1.65% - 4.15%	1.65% - 4.15%
Thereafter	2.65% - 5.15%	2.65% - 5.15%
Investment Rate of Return	7.00%	7.65%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</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 Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
U.S. Equities	30.00%	8.19%	26.00%	8.53%
Emerging Market Equities	6.50%	11.64%	6.50%	9.95%
Absolute Return/Risk Mitigation	5.00%	5.51%		
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Estate	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Non-U.S. Developed Markets Equity	11.50%	9.00%		
Buyouts/Venture Capital	8.25%	13.08%		
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation Indexed Bonds			1.50%	3.44%
Developed Foreign Markets			13.25%	6.83%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Returns			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
	<u>100.00%</u>		<u>100.00%</u>	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 contribution rate in the most recent fiscal year. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2017, 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 (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>June 30, 2017</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Borough's proportionate share of the pension liability	\$2,289,749.00	\$1,845,726.00	\$1,475,801.00

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).

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NOTES TO FINANCIAL STATEMENTS
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NOTE 13. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017 and 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>
Difference between expected and actual experience		\$43,460.00		\$40,307.00
Changes of assumptions	\$370,487.00	371,850.00		448,972.00
Net difference between projected and actual earnings on pension plan investments		12,568.00		82,645.00
Changes in proportion and differences between Borough's contributions and proportionate share of contributions	<u>125,065.00</u>	<u>197,941.00</u>	<u>\$160,097.00</u>	<u>123,685.00</u>
	<u>\$495,552.00</u>	<u>\$625,819.00</u>	<u>\$160,097.00</u>	<u>\$695,609.00</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 13. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$3,475,935.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the Borough's proportion was 0.0225153496 percent, which was a decrease of 0.0012380366 percent from its proportion measured as of June 30, 2016.

The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$193,671.00.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases		
Through 2026	2.10% - 8.98%	2.10% - 8.98%
Thereafter	3.10% - 9.98%	3.10% - 9.98%
Investment Rate of Return	7.00%	7.65%

Preretirement mortality rates on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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NOTE 13. PENSION PLANS (continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 and June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</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 Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
U.S. Equities	30.00%	8.19%	26.00%	8.53%
Emerging Market Equities	6.50%	11.64%	6.50%	9.95%
Absolute Return/Risk Mitigation	5.00%	5.51%		
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Estate	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Non-U.S. Developed Markets Equity	11.50%	9.00%		
Buyouts/Venture Capital	8.25%	13.08%		
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation Indexed Bonds			1.50%	3.44%
Developed Foreign Markets			13.25%	6.83%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Returns			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
	<u>100.00%</u>		<u>100.00%</u>	

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 6.14% and 5.55% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 contribution rate in the most recent fiscal year. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2017, 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 (5.14%) or 1 percentage point higher (7.14%) than the current rate:

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the pension liability	\$4,481,963.00	\$3,475,935.00	\$2,655,579.00

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NOTE 13. PENSION PLANS (continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$389,334.00.

Borough's Proportionate Share of Net
Pension Liability

\$3,475,935.00

State of New Jersey Proportionate Share
of Net Pension Liability Associated with
the Borough

389,334.00

\$3,865,269.00

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

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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, 2017, there were no deferred charges reflected on the balance sheet of the current fund.

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

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

The appropriation in the 2017 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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 17. COMMUNITY DISASTER LOAN

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 (FEMA). Loan proceeds of \$831,074.00 were utilized as an item of revenue in the Borough's 2013 current fund budget. The full principal amount of the Loan and all accumulated accrued interest at 0.75% per annum was due on April 16, 2018. As of December 31, 2017, and 2016, the Loan principal balance was \$831,074.00, and the related accrued interest as of December 31, 2017 and 2016, was \$28,518.36 and \$22,285.31, respectively.

On April 16, 2018, the Borough submitted a formal request to the Governor's Authorized Representative (the "GAR") for cancellation of the Borough's Loan. The GAR agreed with the Borough's cancellation analysis and the GAR forwarded a request to FEMA to cancel all outstanding Loan principal and the related accrued interest. On June 26, 2018, FEMA granted full cancellation of the Loan and all accrued interest.

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, 2017, 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.

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART II

SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	A		\$3,853,813.79
Increased by Receipts:			
State of New Jersey (P.L. 1971, C. 20)		\$3,750.00	
Taxes Receivable	A-5	9,281,043.56	
Revenue Accounts Receivable	A-7	1,406,116.57	
Grants Receivable	A-12	92,491.76	
Interfunds		1,072,995.94	
Tax Overpayments		15,131.98	
Non-Budget Revenues	A-2	197,513.00	
Prepaid Taxes		2,153,306.61	
Sewer Overpayments		40.70	
Various Reserves	A-11	602,238.21	
Unappropriated Reserves	A-14	<u>9,336.01</u>	
			<u>14,833,964.34</u>
			18,687,778.13
Decreased by Disbursements:			
Budget Appropriations	A-3	5,075,229.21	
Appropriation Reserves	A-8	208,696.62	
County Taxes Payable	A-9	5,899,262.42	
Local School District Tax	A-10	126,479.60	
Various Reserves	A-11	111,557.18	
Appropriated Reserves	A-13	43,520.03	
Special Emergency Notes Payable		1,100,000.00	
Tax Overpayments		<u>3,792.05</u>	
			<u>12,568,537.11</u>
Balance, December 31, 2017	A		<u><u>\$6,119,241.02</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, 2017

Year	Balance Dec. 31, 2016	2017 Levy	Collections by Cash		Senior Citizens and Veterans Deductions	Taxes Canceled	Balance Dec. 31, 2017
			2016	2017			
2016	\$78,087.77			\$78,087.77			
2017		\$9,474,831.94	\$205,026.38	9,202,955.79	\$3,250.00	\$1,324.30	\$62,275.47
		\$9,474,831.94	\$205,026.38	\$9,281,043.56	\$3,250.00	\$1,324.30	\$62,275.47
Ref.	A			A-4			A

Analysis of 2017 Property Tax Levy

Tax Yield:

General Purpose Tax	\$9,410,772.59
Added Taxes (54:4-63.1 Et. Seq.)	64,059.35
Omitted Taxes (54:4-63.12 Et. Seq.)	-
	<u>\$9,474,831.94</u>

Tax Levy:

Local School District Tax		Ref.
County Taxes:		
County Tax	A-10	\$123,199.00
County Library Tax	A-9	
County Health Tax	A-9	\$4,925,809.54
County Open Space Tax	A-9	530,680.84
Due County for Added and Omitted Taxes	A-9	192,301.69
Total County Taxes	A-9	167,895.95
		<u>37,809.58</u>
Local Tax for Municipal Purposes	A-2	5,854,497.60
Add: Additional Tax Levied		3,470,566.00
Local Tax for Municipal Purposes Levied		<u>26,569.34</u>
		<u>3,497,135.34</u>
		<u>\$9,474,831.94</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF SEWER CHARGES RECEIVABLE
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$2,082.45
Increased by:		
Sewer Service Charges		149,975.35
		<u>152,057.80</u>
Decreased by:		
Collections	A-2	<u>149,651.48</u>
Balance, December 31, 2017	A	<u><u>\$2,406.32</u></u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
Year Ended December 31, 2017

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u> <u>in 2017</u>	<u>Realized/</u> <u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Miscellaneous Revenues:					
Municipal Court Fines and Costs	A-2	\$2,207.68	\$32,230.81	\$34,110.87	\$327.62
Interest and Costs on Taxes	A-2		24,586.83	24,586.83	
Interest on Investments and Deposits	A-2		5,156.93	5,156.93	
Sewer Service Revenue	A-2		149,651.48	149,651.48	
Energy Receipts Tax	A-2		147,440.00	147,440.00	
Uniform Construction Code Fees	A-2		129,964.00	129,964.00	
Beach Badge Fees	A-2		74,959.85	74,959.85	
Reserve for Insurance Proceeds	A-2		23,061.05	23,061.05	
CATV Franchise Fees	A-2		5,706.84	5,706.84	
Recycling	A-2		1,388.93	1,388.93	
Reserve for FEMA Reimbursements	A-2		195,327.00	195,327.00	
Reserve for FEMA Reimbursements	A-2		1,168,205.00	1,168,205.00	
Non-Federal Cost Share Match Program - State of NJ	A-2		526,924.35	526,924.35	
Non-Federal Cost Share Match Program - County of Ocean	A-2		306,226.49	306,226.49	
	<u>Ref.</u>	<u>\$2,207.68</u>	<u>\$2,790,829.56</u>	<u>\$2,792,709.62</u>	<u>\$327.62</u>
		<u>A</u>			<u>A</u>

	<u>Ref.</u>	
Cash Receipts	A-4	\$1,406,116.57
Revenue Realized	A-11	1,386,593.05
		<u>\$2,792,709.62</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Clerk's Office				
Salaries and Wages	\$677.70	\$677.70		\$677.70
Other Expenses	7,143.77	7,143.77	\$4,386.49	2,757.28
Financial Administration				
Salaries and Wages	6,234.07	6,234.07		6,234.07
Other Expenses	18,674.55	18,674.55	12,280.95	6,393.60
Auditing Service				
Other Expenses	885.00	885.00		885.00
Collection of Taxes				
Other Expenses	512.80	512.80		512.80
Assessment of Taxes				
Salaries and Wages	99.00	99.00		99.00
Other Expenses	637.47	637.47	258.75	378.72
Legal Services and Costs				
Other Expenses	32,436.97	32,436.97	21,311.38	11,125.59
Engineering Services and Costs				
Other Expenses	10,237.91	10,237.91	10,203.84	34.07
Planning Board				
Salaries and Wages	14,139.27	14,139.27		14,139.27
Other Expenses	36,402.02	36,402.02	2,695.00	33,707.02
Insurance				
General Liability	21,210.65	21,210.65		21,210.65
Workers Compensation	2,641.00	2,641.00		2,641.00
Employee Group Health	70,859.38	70,859.38		70,859.38

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Police Department				
Salaries and Wages	\$63,281.97	\$63,281.97	\$63,167.82	\$114.15
Other Expenses	53,543.05	53,543.05	51,013.16	2,529.89
Emergency Management Services				
Other Expenses	1,817.44	1,817.44		1,817.44
Uniform Fire Safety Act				
Salaries and Wages	167.74	167.74		167.74
Municipal Court				
Salaries and Wages	1,702.14	1,702.14		1,702.14
Other Expenses	7,430.16	7,430.16	149.00	7,281.16
Municipal Prosecutor				
Other Expenses	2,150.00	2,150.00	1,000.00	1,150.00
Road Repair and Maintenance				
Salaries and Wages	32.97	32.97		32.97
Other Expenses	9,212.44	9,212.44	2,216.38	6,996.06
Solid Waste Collection				
Other Expenses	2,542.44	2,542.44		2,542.44
Buildings and Grounds				
Other Expenses	7,033.44	7,033.44	5,423.35	1,610.09
Sewer System				
Other Expenses	10,955.40	10,955.40	5,219.00	5,736.40

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Animal Control Services				
Other Expenses	\$2,691.00	\$2,691.00		\$2,691.00
Administration of Beach Access				
Salaries and Wages	5,196.75	5,196.75		5,196.75
Other Expenses	355.00	355.00		355.00
Beach Maintenance				
Other Expenses	12,483.82	12,483.82	\$7,167.29	5,316.53
Construction Code Official				
Salaries and Wages	4,474.29	4,474.29		4,474.29
Other Expenses	2,327.47	2,327.47	115.51	2,211.96
Plumbing Official				
Salaries and Wages	271.00	271.00		271.00
Fire Protection Official				
Salaries and Wages	443.00	443.00		443.00
Electrical Inspector				
Salaries and Wages	1,198.50	1,198.50		1,198.50
Utility Expenses and Bulk Purchases				
Electricity	3,625.58	3,625.58	796.48	2,829.10
Telephone	1,261.80	1,261.80	749.35	512.45
Water	1,997.30	1,997.30	283.86	1,713.44
Water - Fire Hydrants	2,596.84	2,596.84	2,469.78	127.06
Natural Gas	3,165.35	3,165.35		3,165.35
Gasoline	17,246.90	17,246.90	2,270.76	14,976.14

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Employees' Retirement System	\$0.74	\$0.74		\$0.74
Social Security System (O.A.S.I.)	16,809.12	16,809.12	\$141.87	16,667.25
Police and Firemen's Retirement System of N.J.	1.99	1.99		1.99
Beach Maintenance				
Other Expenses	14,000.00	14,000.00		14,000.00
Sewer System -				
Ocean County Utilities Authority				
Share of Costs	21,102.20	21,102.20	15,376.60	5,725.60
Hurricane Sandy Additional Related Costs -				
Legal Services and Costs - Other Expenses	1,644.77	1,644.77		1,644.77
Buildings and Grounds - Other Expenses	1,947.04	1,947.04		1,947.04
	<u>\$497,501.21</u>	<u>\$497,501.21</u>	<u>\$208,696.62</u>	<u>\$288,804.59</u>
Appropriation Reserves	\$440,435.68		A-4	A-1
Encumbrances Payable	57,065.53			
	<u>\$497,501.21</u>			

Ref.
A
A-15

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	A		\$82,574.40
Increased by:			
County Tax	A-5	\$4,925,809.54	
County Library Tax	A-5	530,680.84	
County Health Tax	A-5	192,301.69	
County Open Space Tax	A-5	167,895.95	
Due County for Added and Omitted Taxes	A-5	37,809.58	
	A-1		<u>5,854,497.60</u>
			<u>5,937,072.00</u>
Decreased by:			
Payments	A-4		<u>5,899,262.42</u>
Balance, December 31, 2017	A		<u><u>\$37,809.58</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, 2017

	<u>Ref.</u>		
Balance, December 31, 2016:			
School Tax Payable	A	\$50,384.25	
School Tax Deferred		<u>26,813.74</u>	
			\$77,197.99
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018	A-5		<u>123,199.00</u>
			200,396.99
Decreased by:			
Payments	A-4		<u>126,479.60</u>
Balance, December 31, 2017:			
School Tax Payable	A	47,103.65	
School Tax Deferred		<u>26,813.74</u>	
			<u>\$73,917.39</u>
<u>2017 Liability for Local District School Tax:</u>			
Tax Paid	A-10		\$126,479.60
Tax Payable, December 31, 2017	A-10		<u>47,103.65</u>
			173,583.25
Less: Tax Payable, December 31, 2016	A-10		<u>50,384.25</u>
Amount Charged to 2017 Operations	A-1		<u>\$123,199.00</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Reserve for:				
Sale of Municipal Assets	\$9,075.38	\$140,407.18		\$149,482.56
Police Boat Donations	5,925.00			5,925.00
Dune Restoration	5,825.74			5,825.74
FEMA Reimbursements	1,363,533.19	452,405.03	\$1,363,532.00	452,406.22
Hurricane Sandy	346,997.13		100,855.18	246,141.95
Insurance Proceeds	23,061.05		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	4,234.00	9,301.00	10,577.00	2,958.00
	<u>\$1,767,793.50</u>	<u>\$602,238.21</u>	<u>\$1,498,150.23</u>	<u>\$871,881.48</u>
<u>Ref.</u>	<u>A</u>	<u>A-4</u>		<u>A</u>
Cash Disbursements			\$111,557.18	
Realized as Revenue			<u>1,386,593.05</u>	
			<u>\$1,498,150.23</u>	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
Year Ended December 31, 2017

<u>Grant</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Anticipated Revenue</u>	<u>Received</u>	<u>Unappropriated Reserves Realized</u>	<u>Balance Dec. 31, 2017</u>
State of New Jersey DOT -						
Route 35 Road Project		\$35,686.83				\$35,686.83
Police Vest		1,051.25				1,051.25
Recycling Tonnage	A-2		\$4,282.92		\$4,282.92	
Alcohol Education and						
Rehabilitation Fund	A-2		725.18		725.18	
Body Armor Fund	A-2		1,141.59		1,141.59	
Clean Communities Program	A-2		4,000.00		4,000.00	
Drive Sober or Get Pulled Over		7,175.00		\$4,975.00		2,200.00
Pedestrian Safety and Traffic						
Calming Measures		83.45				83.45
Hazard Mitigation Program		175,475.00		82,016.76		93,458.24
Post Sandy Code Enforcement		12,521.80				12,521.80
2017 Distracted Driving Crackdown	A-2		5,500.00	5,500.00		
2017 Year End Holiday Crackdown	A-2		5,500.00			5,500.00
Click It or Ticket		625.00				625.00
		<u>\$232,618.33</u>	<u>\$21,149.69</u>	<u>\$92,491.76</u>	<u>\$10,149.69</u>	<u>\$151,126.57</u>
<u>Ref.</u>	<u>A</u>			<u>A-4</u>	<u>A-14</u>	<u>A</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
Year Ended December 31, 2017

Grant	Balance Dec. 31, 2016	Transfer from 2017 Budget Appropriation	Appropriated by General Capital Bond Ordinance	Expended	Balance Dec. 31, 2017
Body Armor Fund	\$3,767.52	\$1,141.59		\$503.75	\$4,405.36
Clean Communities Program	10,250.81	4,000.00		2,750.35	11,500.46
Alcohol Education and Rehabilitation Fund	11,598.51	725.18		373.00	11,950.69
NJDEP Stormwater Regulation Grant	417.75				417.75
Recycling Tonnage Grant	15,270.28	4,282.92			19,553.20
State and Local All Hazards Emergency Operation Planning	871.32				871.32
State of New Jersey DOT - Route 35 Road Project	4,465.07				4,465.07
2017 Distracted Driving Crackdown		5,500.00		5,445.00	55.00
2017 Year End Holiday Crackdown		5,500.00		1,760.00	3,740.00
Drive Sober or Get Pulled Over	5,075.00			3,525.00	1,550.00
Pedestrian Safety and Traffic Calming Measures	83.45				83.45
Hazard Mitigation Program	141,302.76			29,162.93	112,139.83
Post Sandy Code Enforcement	12,657.99				12,657.99
Click It or Ticket	625.00				625.00
	<u>\$206,385.46</u>	<u>\$21,149.69</u>	<u>-</u>	<u>\$43,520.03</u>	<u>\$184,015.12</u>

<u>Ref.</u>	A	A-3	A-4	A
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BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
Year Ended December 31, 2017

Grant	Balance Dec. 31, 2016	Appropriated	Cash Receipts	Balance Dec. 31, 2017
Recycling Tonnage	\$4,282.92	\$4,282.92	\$4,000.23	\$4,000.23
Alcohol Education and Rehabilitation Fund	725.18	725.18	193.02	193.02
Body Armor Fund	1,141.59	1,141.59	1,142.76	1,142.76
Clean Communities Program	4,000.00	4,000.00	4,000.00	4,000.00
	<u>\$10,149.69</u>	<u>\$10,149.69</u>	<u>\$9,336.01</u>	<u>\$9,336.01</u>

Ref.

A

A-12

A-4

A

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	A	\$57,065.53
Increased by:		
Current Appropriations Charged	A-3	85,753.81
		<u>142,819.34</u>
Decreased by:		
Transfer to Appropriation Reserves	A-8	57,065.53
		<u>57,065.53</u>
Balance, December 31, 2017	A	<u><u>\$85,753.81</u></u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
SCHEDULE OF CASH
Year Ended December 31, 2017

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2016	B	\$111.10	\$519,839.67
Increased by Receipts:			
Dog License Fees	B-2	\$28.00	
Various Reserves	B-4		\$2,392,668.48
Due to State of New Jersey	B-3	8.40	
		<u>36.40</u>	<u>2,392,668.48</u>
		147.50	2,912,508.15
Decreased by Disbursements:			
Due to State of New Jersey	B-3	8.40	
Various Reserves	B-4		2,364,001.99
		<u>8.40</u>	<u>2,364,001.99</u>
Balance, December 31, 2017	B	<u>\$139.10</u>	<u>\$548,506.16</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, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	B	\$86.70
Increased by:		
Dog License Fees Collected	B-1	28.00
		<u>114.70</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Statutory Excess Due Current Fund		<u>30.30</u>
Balance, December 31, 2017	B	<u><u>\$84.40</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2016	\$28.40
2015	56.00
	<u><u>\$84.40</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, 2017

	<u>Ref.</u>	
Balance, December 31, 2016		\$0.00
Increased by:		
Receipts	B-1	8.40
		<u>8.40</u>
Decreased by:		
Disbursed	B-1	8.40
		<u>8.40</u>
Balance, December 31, 2017		<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, 2017

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
<u>Reserves for:</u>				
P.O.A.A.	\$484.54	\$58.00		\$542.54
Unemployment Compensation	9,434.72	42,859.01	\$22,537.33	29,756.40
Surety and Escrows	36,972.43	9,164.96	11,370.00	34,767.39
Payroll and Deductions Payable	35,161.26	2,276,072.55	2,296,993.86	14,239.95
Off-Duty Police	15,304.25	28,305.03	29,852.00	13,757.28
Centennial Celebration	364.72			364.72
Public Defender	1,810.00	1,207.50		3,017.50
Accumulated Absences	14,811.07	35,000.00		49,811.07
Historical Society	40.00			40.00
Law Enforcement Trust	2,835.51	1.43		2,836.94
Third Party Liens	483.81			483.81
Reserve for Judgments	395,985.00			395,985.00
Marine Donations	3,248.80		3,248.80	
Sandy Donations	2,903.56			2,903.56
	<u>\$519,839.67</u>	<u>\$2,392,668.48</u>	<u>\$2,364,001.99</u>	<u>\$548,506.16</u>
<u>Ref.</u>	B	B-1	B-1	B

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH
Year Ended December 31, 2017

	<u>Ref.</u>		
Balance, December 31, 2016	C		\$1,916,441.29
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-7	\$100.00	
Serial Bonds Issued	C-8	5,590,000.00	
Bond Anticipation Notes	C-9	1,215,000.00	
Premium on Bond Anticipation Notes Issued	C-1	7,521.00	
Premium on Serial Bonds Issued	C-1	119,236.91	
FEMA and Other Reimbursements	C-5	1,191,266.00	
FEMA Reimbursements - Reserve for			
Payment of Debt Service		869,993.54	
Beach Replenishment		104,922.40	
Grants Receivable		200,000.00	
		<u>9,298,039.85</u>	
			11,214,481.14
Decreased by Disbursements:			
Improvement Authorizations	C-6	2,524,260.01	
Bond Anticipation Notes	C-9	2,755,000.00	
Due from Current Fund		<u>1,072,995.94</u>	
			<u>6,352,255.95</u>
Balance, December 31, 2017	C		<u>\$4,862,225.19</u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH
December 31, 2017

	Balance
	<u>Dec. 31, 2017</u>
Fund Balance	\$135,381.32
Capital Improvement Fund	27,491.03
Reserve for Encumbrances	2,572,266.54
Reserve for Beach Replenishment	888,354.55
Reserve for Lyman Street Dune Walkover	30,184.46
Reserve for Payment of Debt	871,881.76
Reserve for Municipal Parking Lot	58,939.47
Reserve for Community Development Block Grant	1,500.00
Due from Current Fund	(1,072,995.94)

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
518	Implementation of Back Bay Flap Valve Program	66.73
534	Construction of Borough Yard Garage	65,991.29
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	54,671.12
581	Bergen and Lagoon Lane Road Improvements	146,069.18
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	37,756.16
595	Old Bridge Street and Bay Avenue Road Construction	(698.57)
597	Replacement of Firehouse Apron	5,632.45
598	Improvements to Sanitary Sewer System Facilities	5,958.60
599	Flap Valve Program	10,936.75
600	Construction of ADA Walkway #4	15,929.65
601	Purchase of Emergency Management Radios	1,490.10
607	Old Bridge Street and Bay Avenue Road Construction	48,279.70
608	Replacement of Firehouse Doors	14,900.34
609	Purchase of Police Cameras	26,918.00
610	Bay Avenue Drainage Improvements	(935.17)
611	Improvement of ADA Walkway #4	726.94
612	Construction of Lyman Street Dune Walkover	(445.50)
626	Herbert Street Pump Station Reconstruction	(95.55)
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	299.37
644	Various Capital Improvements	942.00
654	Beach Protection Improvements	31,889.59
656	Construction of a New Municipal Building	629,560.81
658	Various Capital Improvements	33,437.98
659	Beach Protection Improvements	82,928.89

\$4,862,225.19

Ref.

C

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$0.00
Increased by:		
Improvement Costs Funded by:		
Serial Bonds Issued	C-5	<u>5,590,000.00</u> 5,590,000.00
Decreased by:		
Budget Appropriation to Pay Bonds:		
Serial Bonds		<u>-</u>
Balance, December 31, 2017	C	<u><u>\$5,590,000.00</u></u>

65

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2016		Cash		Balance December 31, 2017			
		Date	Amount	Funded	Unfunded	Encumbrances	Disbursements	Cancelled	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		\$28,000.00		65,991.29	
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				54,671.12	
581	Bergen and Lagoon Lane Road Improvements	4/19/10	368,000.00		146,444.85	69.01				146,069.18	\$444.68
582	Sanitary Force Main Investigation and Condition Evaluation	4/19/10	42,000.00	2,298.33	39,000.00					41,298.33	
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				37,756.16	553.59
595	Old Bridge Street and Bay Avenue Road	4/18/11	240,000.00		7,597.03	52.85	\$7,649.88				
597	Replacement of Firehouse Apron	4/18/11	6,000.00	632.45	5,000.00					5,632.45	
598	Improvements to Sanitary Sewer System Facilities	4/18/11	10,000.00		6,504.58					5,958.60	545.98
599	Flap Valve Program	4/18/11	11,000.00	936.75	10,000.00					10,936.75	
600	Construction of ADA Walkway #4	4/18/11	26,000.00	16,517.65			588.00			15,929.65	
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		12,329.72			48,279.70	755.39
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		26,918.00					26,918.00	
610	Bay Avenue Drainage Improvements	4/23/12	28,000.00		12,834.38		12,834.38				
611	Improvement of ADA Walkway #4	4/23/12	5,000.00	3,600.00			2,873.06			726.94	
612	Construction of Lyman Street Dune Walkover	4/23/12	85,000.00		79,554.50			79,554.50			209,579.89
626	Herbert Street Pump Station Reconstruction	8/20/13	1,200,000.00		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					50,897.49	0.73
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	7/15/14	300,000.00		22,930.11	100,222.50	106,350.74		\$16,502.50	299.37	
643	Acquisition of Sport Utility Vehicles	4/21/15	100,000.00		963.20	963.20					
644	Various Capital Improvements	5/19/15	126,750.00		942.00	55,890.00	52,129.00		3,761.00	942.00	
654	Beach Protection Improvements	2/16/16	200,000.00	129,969.59				98,080.00		31,889.59	1,056,848.81
656	Construction of a New Municipal Building	5/17/16	5,500,000.00		5,474,877.64	10,622.68	2,026,116.88		2,402,534.63	33,437.98	
658	Various Capital Improvements	9/20/16	489,500.00		421,144.43		302,425.15		85,281.30	82,928.89	
659	Beach Protection Improvements	9/20/16	200,000.00	147,116.00					64,187.11		
				\$416,384.68	\$6,709,544.24	\$167,864.18	\$2,524,260.01	\$205,634.50	\$2,572,266.54	\$707,244.64	\$1,284,387.41
Ref.				C	C	C	C-2		C	C	C

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2017

	<u>Ref.</u>	
Balance, December 31, 2016	C	\$27,391.03
Increased by:		
Budget Appropriation	C-2	100.00
		<u>27,491.03</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>-</u>
Balance, December 31, 2017	C	<u><u>\$27,491.03</u></u>

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance Dec. 31, 2017
						Dec. 31, 2016	Increased Decreased	
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

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Balance		Balance Dec. 31, 2017
							Increased	Decreased	
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	
569	Sanitary Sewer Repairs	7/22/15	4/11/17	6/15/17	1.00%		\$52,000.00	52,000.00	
581	Bergen and Lagoon Lane Road Improvements	7/22/15	4/11/17	6/15/17	1.00%		147,173.00	147,173.00	
582	Sanitary Force Main Investigation and Condition Evaluation	7/22/15	4/11/17	6/15/17	1.00%				
586	Bergen and Channel Road Improvements	7/22/15	4/11/17	6/15/17	1.00%		39,000.00	39,000.00	
595	Old Bridge Street and Bay Avenue Road Construction	7/22/15	4/11/17	6/15/17	1.00%		38,553.00	38,553.00	
597	Replacement of Firehouse Apron	7/22/15	4/11/17	6/15/17	1.00%		7,698.00	7,698.00	
598	Improvements to Sanitary Sewer System Facilities	7/22/15	4/11/17	6/15/17	1.00%		5,000.00	5,000.00	
599	Flap Valve Program	7/22/15	4/11/17	6/15/17	1.00%		6,545.00	6,545.00	
607	Old Bridge Street and Bay Avenue Road Construction	7/22/15	4/11/17	6/15/17	1.00%		10,000.00	10,000.00	
608	Replacement of Firehouse Doors	7/22/15	4/11/17	6/15/17	1.00%		61,755.00	61,755.00	
609	Purchase of Police Cameras	7/22/15	4/11/17	6/15/17	1.00%		15,758.00	15,758.00	
610	Bay Avenue Drainage Improvements	7/22/15	4/11/17	6/15/17	1.00%		66,000.00	66,000.00	
626	Herbert Street Pump Station Reconstruction	7/22/15	4/11/17	6/15/17	1.00%		15,935.00	15,935.00	
627	Purchase of Emergency Services Radio System	7/22/15	4/11/17	6/15/17	1.00%		226,933.00	226,933.00	
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	4/11/17	6/15/17	1.00%		57,000.00	57,000.00	
639	Various Road and Sidewalk Improvements	7/22/15	4/11/17	6/15/17	1.00%		52,697.00	52,697.00	
	the Construction of a Municipal Building	7/22/15	4/11/17	6/15/17	1.00%		158,393.00	158,393.00	

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2016	Balance	
		Original Note	Issue Date	Maturity Date			Increased	Decreased
640	Preliminary Expenses in Connection with the Construction of a Municipal Building	7/22/15	4/11/17	6/15/17	1.00%		\$285,714.00	\$285,714.00
608	Replacement of Firehouse Doors	7/22/15	6/14/17	6/13/18	2.25%		15,000.00	\$15,000.00
656	Construction of a New Municipal Building	6/14/17	6/14/17	6/13/18	2.25%		1,200,000.00	1,200,000.00
						<u>\$2,755,000.00</u>	<u>\$2,461,154.00</u>	<u>\$4,001,154.00</u>
					<u>Ref.</u>	<u>C</u>		<u>C</u>
	Issued for Cash				C-2		\$1,215,000.00	
	Paid by -							
	Serial Bond Proceeds							\$1,226,641.00
	FEMA Proceeds							1,168,205.00
	Notes not Renewed							317,580.00
	Insurance Proceeds							23,061.00
	Note Proceeds							15,000.00
	Other Receipts							4,513.00
							-	2,755,000.00
	Non-Cash Rollover				C-2		1,246,154.00	1,246,154.00
							<u>\$2,461,154.00</u>	<u>\$4,001,154.00</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, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Bond Anticipation Note not Renewed	Bond Anticipation Note Issued	Bonds Issued	Balance Dec. 31, 2017
General Improvements:						
581	Bergen and Lagoon Lane Road Improvements	\$271.68	\$173.00			\$444.68
586	Bergen and Channel Road Improvements	0.59	553.00			553.59
595	Old Bridge Street and Bay Avenue Road Construction	0.57	698.00			698.57
598	Improvements to Sanitary Sewer System Facilities	0.98	545.00			545.98
607	Old Bridge Street and Bay Avenue Road Construction	0.39	755.00			755.39
608	Replacement of Firehouse Doors		758.00			758.00
610	Bay Avenue Drainage Improvements		935.00			935.17
612	Construction of Lyman Street Dune Walkover	0.17	445.50			445.50
626	Herbert Street Pump Station Reconstruction		209,675.44			209,675.44
628	Structural Repairs of the Mantoloking Firehouse and Purchase of Equipment for the Operations of the Mantoloking Firehouse, Police Department and Public Works Department					
639	Various Road and Sidewalk Improvements	0.73				0.73
643	the Construction of a Municipal Building	309.00				309.00
644	Acquisition of Sport Utility Vehicles	95,235.00			\$95,235.00	
656	Various Capital Improvements	120,412.00			120,412.00	
658	Construction of a New Municipal Building	5,500,000.00			3,872,712.00	427,288.00
	Various Capital Improvements	275,000.00			275,000.00	
		<u>\$5,991,231.11</u>	<u>\$214,537.94</u>	<u>\$1,200,000.00</u>	<u>\$4,363,359.00</u>	<u>\$642,410.05</u>
	Ref.	(Footnote C)				(Footnote 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, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31, 2017</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	<u>2,727,298.77</u>	<u>\$183,421.00</u>	<u>\$237,141.71</u>	<u>2,673,578.06</u>
	<u><u>\$5,251,587.84</u></u>	<u><u>\$183,421.00</u></u>	<u><u>\$237,141.71</u></u>	<u><u>\$5,197,867.13</u></u>
<u>Ref.</u>	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, 2017

Oliwa & Company

Certified Public Accountants

**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, 2017, 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 August 13, 2018, 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)

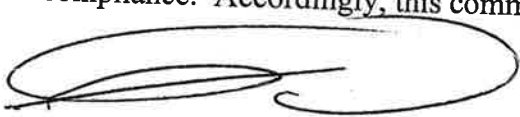
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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. However, we noted certain other internal control and compliance matters that are reported to the management of the Borough in the accompanying comments and recommendations section.

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
August 13, 2018

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

PART IV

COMMENTS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

COMMENTS

YEAR ENDED DECEMBER 31, 2017

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 a bid was requested by public advertising for the following item:

Bay Avenue and Carpenter Lane Improvements

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 4, 2017 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 2017 and had no tax title liens receivable on December 31, 2017, 2016 and 2015.

COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31

<u>Year</u>	<u>Current Fund Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$1,373,091.94	\$700,000.00
2016	1,066,220.66	650,000.00
2015	968,238.22	700,000.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Municipal	\$0.257	\$0.252	\$0.247
Local School	0.009	0.010	0.006
County	0.431	0.432	0.430
Total tax rate	<u>\$0.697</u>	<u>\$0.694</u>	<u>\$0.683</u>

ASSESSED VALUATIONS

2017	\$1,350,684,700.00
2016	1,292,275,500.00
2015	1,245,141,753.00

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>
2017	\$9,474,831.94	\$9,411,232.17	99.33%
2016	9,101,036.03	9,019,596.40	99.11%
2015	8,621,957.42	8,507,004.61	98.67%

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>2017</u>	<u>2016</u>	<u>2015</u>
Delinquent taxes	<u>\$62,275.47</u>	<u>\$78,087.77</u>	<u>\$96,573.37</u>
% of tax levy	0.66%	0.86%	1.12%

SUMMARY OF MUNICIPAL DEBT

<u>Issued</u>	2017	2016	2015
General bonds and notes	<u>\$6,805,000.00</u>	<u>\$2,755,000.00</u>	<u>\$2,755,000.00</u>
Less:			
Funds on hand to pay bonds and notes	<u>871,881.76</u>	<u>1,888.78</u>	<u>1,888.78</u>
Net Debt Issued	5,933,118.24	2,753,111.22	2,753,111.22
<u>Authorized but not issued</u>			
General bonds and notes	<u>642,410.05</u>	<u>5,991,231.11</u>	<u>216,231.11</u>
Net bonds and notes issued and and authorized but not issued	<u>\$6,575,528.29</u>	<u>\$8,744,342.33</u>	<u>\$2,969,342.33</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 0.494%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$7,447,410.05</u>	<u>\$871,881.76</u>	<u>\$6,575,528.29</u>

Net Debt \$6,575,528.29 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$1,331,951,777.00 equals 0.494%.

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

3 1/2% of Equalized Valuation Basis	\$46,618,312.20
Net Debt	<u>6,575,528.29</u>
Remaining Borrowing Power	<u>\$40,042,783.91</u>

The Chief Financial Officer should file a revised annual debt statement.

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>
George C. Nebel	Mayor
E. Laurence White	Council President
Alan C. Laymon	Councilman
Christopher R. Nelson	Councilman
Evan S. Gillingham	Councilman
Henry E. Rzemieniewski	Councilman
Lynn O'Mealia	Councilwoman
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 2017. 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, 2017

BOROUGH OF MANTOLOKING
COUNTY OF OCEAN
STATE OF NEW JERSEY

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

Other Internal Control and Compliance Matters:

#2017-001

Comment

We noted that there were interfund balances at year-end.

Recommendation

We recommend that, where practicable, interfund balances be liquidated prior to year-end.

#2017-002

Comment

Although a general fixed assets subsidiary ledger was maintained and recorded balances of the Borough's investment in general fixed assets, current year fixed asset dispositions were not recorded within the subsidiary ledger.

Recommendation

It is recommended that the general fixed assets subsidiary ledger be maintained in a manner that records current year fixed asset dispositions.

Status of Prior Year Recommendations

There were no prior year recommendations.