

**BOROUGH OF POINT PLEASANT**

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2012**

**BOROUGH OF POINT PLEASANT  
COUNTY OF OCEAN**

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**BOROUGH OF POINT PLEASANT  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Pt. Pleasant Borough, State of New Jersey as of December 31, 2012, the related comparative statements of operations and changes in fund balance--regulatory basis for the year then ended, and the related comparative statement of revenues--regulatory basis, statement of expenditures--regulatory basis and comparative statement of general fixed assets group of accounts and the related notes to the financial statements for the year ended December 31, 2012.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Other Matters

### Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2013, on our consideration of the Pt. Pleasant 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 Pt. Pleasant Borough's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**



Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
CR 483

Freehold, New Jersey  
June 30, 2013



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Pt. Pleasant Borough (herein referred to as “the Municipality”), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 30, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Comment and Recommendation Section as Finding No. 2012-01, 2012-02, 2012-06, 2012-09, 2012-10 and 2012-11 to be material weaknesses.

**BASIC FINANCIAL STATEMENTS**

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 11,837,017	\$ 11,748,648
Change Fund		550	550
Petty Cash Funds		409	409
Due from State of New Jersey for Senior Citizen & Veteran Deductions		<u>15,980</u>	<u>4,300</u>
 Total Regular Fund		<u>11,853,956</u>	<u>11,753,907</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	1,459,464	1,551,547
Tax Title Liens Receivable	A-6	17,633	14,685
Revenue Accounts Receivable	A-7	7,875	11,793
Due From Interfunds:			
State & Federal Grant Fund	A-12	161,704	207,880
Payroll Fund	A-12	1,306	1,306
General Capital Fund	A-12		2
Water & Sewer Operating Fund	A-12		<u>1</u>
 Total Receivables & Other Assets With Full Reserves		<u>1,647,982</u>	<u>1,787,214</u>
Deferred Charges:			
Deficit in Operations			32,542
Overexpenditure of Appropriation Reserves	A	13,463	13,463
Special Emergency Authorizations	A-14	<u>1,432,424</u>	<u>592,079</u>
 Total Deferred Charges		<u>1,445,887</u>	<u>638,084</u>
 Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>14,947,825</u>	<u>14,179,205</u>
State & Federal Grants:			
Grants Receivable	A-15	357,369	506,716
Deferred Charges:			
Expenditure without Appropriation		<u>4,000</u>	
 Total State & Federal Grants		<u>361,369</u>	<u>506,716</u>
 Total Assets		<u>\$ 15,309,194</u>	<u>\$ 14,685,921</u>

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

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 1,221,000	\$ -
Miscellaneous Revenue Anticipated	2,380,262	3,770,276
Receipts From Delinquent Taxes & Tax Title Liens	1,547,023	2,365,919
Receipts From Current Taxes	55,358,784	53,822,115
Nonbudget Revenue	258,477	290,119
Other Credits to Income:		
Interfunds Liquidated	81,497	26,429
Unexpended Balance of Appropriation Reserves	338,487	281,622
	61,185,530	60,556,480
Total		
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	6,712,643	6,181,346
Other Expenses	5,605,756	5,648,418
Deferred Charges & Statutory Expenditures	1,601,342	1,706,690
Excluded From "CAPS":		
Operations:		
Other Expenses	469,581	235,014
Capital Improvements	110,000	301,600
Municipal Debt Service	2,728,308	2,756,428
Deferred Charges	193,405	93,780
Judgements	52,329	
County Taxes	12,628,108	12,414,500
Due County for Added & Omitted Taxes	27,867	14,588
Local District School Tax	31,217,201	30,622,429
Municipal Open Space Tax	65,000	65,180
Due Municipal Open Space for Added & Omitted Taxes		76
Prior Year Senior Citizen Deductions Disallowed		12,250
Reserve for Tax Appeals	160,719	75,000
Refund Prior Year's Tax Revenue		771
Refund Prior Year's Revenue		1,158
	61,572,259	60,129,228
Total Expenditures		
Excess/Deficit in Revenue	(386,729)	427,252
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	1,033,750	498,118
	647,021	925,370
Statutory Excess to Fund Balance		
Fund Balance January 1	1,251,472	326,102
	1,898,493	1,251,472
Total		
Decreased by: Utilization as Anticipated Revenue	1,221,000	
	677,493	1,251,472
Fund Balance December 31	\$ 677,493	\$ 1,251,472

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

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 55,358,784
Less: Allocated for School, County Taxes & Open Space Taxes	<u>43,938,176</u>
Total Allocation of Current Tax Collections	11,420,608
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,862,257</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 13,282,865</u>
Delinquent Property Taxes Receivable	<u>1,547,023</u>
Total Receipts From Delinquent Taxes	<u>\$ 1,547,023</u>
Fees & Permits:	
Zoning Board Permits	\$ 5,740
Planning Board Permits	2,070
Board of Health Permits	26,558
Raffle	880
Other	<u>655</u>
Total Fees & Permits	<u>\$ 35,903</u>

**ANALYSIS OF NONBUDGET REVENUES**

Recycling	\$ 37,338
Cell Tower Rental	43,945
Cable TV Fees	75,946
Miscellaneous Other	<u>101,248</u>
Nonbudget Revenue	<u>\$ 258,477</u>

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

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		PAID OR CHARGED	RESERVED	CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<b>Public Safety Functions (continued):</b>					
Aid to Volunteer Fire Companies:					
Other Expenses:					
Fire Station No. 75	152,155	152,155	152,155		
Aid to Volunteer Ambulance Companies:					
Other Expenses	80,000	80,000	80,000		
<b>Public Works Functions:</b>					
Road Repairs & Maintenance:					
Salaries and Wages	1,048,242	1,280,142	1,053,969	226,173	
Other Expenses	82,500	172,500	83,478	89,022	
Other Public Works Functions:					
Recycling:					
Salaries and Wages	4,000	4,000	396	3,604	
Other Expenses	218,000	218,000	195,556	22,444	
Solid Waste Collection:					
Contractual	490,000	1,011,300	1,011,300		
Building & Grounds:					
Other Expenses	16,700	27,250	16,991	10,259	
Community Services Act:					
Other Expenses	165,000	165,000	148,666	16,334	
<b>Health &amp; Human Services:</b>					
Board of Health:					
Salaries and Wages	40,920	49,920	49,370	550	
Other Expenses	2,075	2,075	1,833	242	
Environmental Commission:					
Salaries and Wages	1,200	1,200	1,200		
Other Expenses	1,190	1,190	738	452	
Animal Control Program:					
Other Expenses	30,000	30,000	21,196	8,804	
<b>Park &amp; Recreation Functions:</b>					
Recreation Services & Programs:					
Salaries and Wages	227,158	233,658	233,410	248	
Other Expenses	11,530	11,530	8,152	3,378	
<b>Utility Expense &amp; Bulk Purchases:</b>					
Electricity	115,000	115,000	76,840	38,160	
Street Lighting	190,000	190,000	116,854	73,146	
Telephone	46,000	46,000	33,724	12,276	
Gasoline	130,000	170,000	136,504	33,496	
Natural Gas	15,000	15,000	11,072	3,928	

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS - Excluded from "CAPS"	APPROPRIATIONS		PAID OR CHARGED	RESERVED	CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION			
<b>Public &amp; Private Programs Offset by Revenues (continued):</b>					
Clean Communities Program	31,774	31,774	31,774		
Alcohol Education & Rehabilitation Fund	2,481	2,481	2,481		
Pedestrian Safety Grant	8,320	8,320	8,320		
Municipal Alliance to Prevent Alcoholism and Drug Abuse	14,834	14,834	14,834		
Cops In Shops		2,000	2,000		
Drive Sober Grant	5,000	5,000	5,000		
Recycling Tonnage Grant	56,547	56,547	56,547		
Body Armor Replacement Fund	3,056	3,056	3,056		
CDBG CT-939-11	42,000	42,000	42,000		
CDBG CT-884-09	46,000	46,000	46,000		
Municipal Alliance to Prevent Alcoholism and Drug Abuse-Local Match	3,709	3,709	3,709		
<b>Total Operations Excluded from "CAPS"</b>	<b>467,581</b>	<b>469,581</b>	<b>332,299</b>	<b>137,282</b>	
<b>Detail:</b>					
Other Expenses	467,581	469,581	332,299	137,282	
<b>Capital Improvements-Excluded from "CAPS":</b>					
Capital Improvement Fund	110,000	110,000	110,000		
<b>Total Capital Improvements Excluded From "CAPS"</b>	<b>110,000</b>	<b>110,000</b>	<b>110,000</b>		
<b>Municipal Debt Service - Excluded From "CAPS":</b>					
Payment of Bond Principal	2,085,000	2,085,000	2,085,000		
Interest on Bonds	632,100	632,100	632,100		
Interest on Notes	11,210	11,210	11,208		\$ 2

**BOROUGH OF POINT PLEASANT  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	2012	2011
Animal Control Trust Fund:			
Cash	B-1	\$ 2,318	\$ 632
Change Fund	B	25	25
Due from Current Fund			1
Total Animal Control Fund		<u>2,343</u>	<u>658</u>
Open Space Trust Fund:			
Cash	B-1	160,253	207,664
Due from Current Fund	B-5	<u>65,000</u>	<u>205</u>
Total Open Space Trust		<u>225,253</u>	<u>207,869</u>
Other Trust Fund:			
Cash	B-1	870,664	941,926
Due from Current Fund	A	<u>17,252</u>	<u>52,437</u>
Total Other Trust		<u>887,916</u>	<u>994,363</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited Funds Held by Trustee	B-7	<u>757,283</u>	<u>622,584</u>
Total LOSAP		<u>757,283</u>	<u>622,584</u>
Total - All Funds		<u>\$ 1,872,795</u>	<u>\$ 1,825,474</u>
<b>LIABILITIES &amp; RESERVES</b>			
Animal Control Trust Fund:			
Reserve for Expenditures	B-3	<u>2,343</u>	\$ 658
Total Dog License Fund		<u>2,343</u>	<u>658</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	<u>225,253</u>	<u>207,869</u>
Total Open Space Trust		<u>225,253</u>	<u>207,869</u>
Other Trust Fund:			
Due to Board of Education	B	2,321	2,321
Various Reserves	B-6	<u>885,595</u>	<u>992,042</u>
Total Other Trust		<u>887,916</u>	<u>994,363</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited Reserve for Length of Service Awards Program	B-8	<u>757,283</u>	<u>622,584</u>
Total LOSAP		<u>757,283</u>	<u>622,584</u>
Total - All Funds		<u>\$ 1,872,795</u>	<u>\$ 1,825,474</u>

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

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	<u>2012</u>	<u>2011</u>
Operating Fund:			
Cash	D-5	\$ 463,878	\$ 997,453
Cash - Change Fund		<u>300</u>	<u>300</u>
Total		<u>464,178</u>	<u>997,753</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	<u>1,024,210</u>	<u>1,238,339</u>
Total Receivable & Other Assets With Full Reserves		<u>1,024,210</u>	<u>1,238,339</u>
Deferred Charges:			
Emergency Authorization			100,000
Overexpenditure of Appropriation			92,047
Expenditure Without Appropriation			3,620
Deficit in Operations		<u>246,390</u>	
Total Deferred Charges		<u>246,390</u>	<u>195,667</u>
Total Operating Fund		<u>1,734,778</u>	<u>2,431,759</u>
Capital Fund:			
Cash	D-5	418,184	605,349
Due From Water-Sewer Operating	D-10		662,896
Deferred Charge:			
Overexpenditure of Improvement Authorization			8,310
Fixed Capital Authorized & Uncompleted	D-12	9,241,538	6,221,436
Fixed Capital	D-13	<u>30,197,184</u>	<u>30,197,184</u>
Total Capital Fund		<u>39,856,906</u>	<u>37,695,175</u>
Total Operating & Capital Fund		<u>\$ 41,591,684</u>	<u>\$ 40,126,934</u>

Bonds and Notes authorized but not issued as of December 31, 2012 was \$4,106,538 and as of December 31, 2011 was \$1,237,400.

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

EXHIBIT D-1

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN OPERATING FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ 167,520	\$ 345,000
Capital Surplus		27,000
Consumer Accounts Receivable	6,044,742	6,335,040
Interest on Delinquents	42,176	51,545
Miscellaneous	90,126	57,423
Reserve for Repayment of Debt		7,800
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	15,561	3,380
Interfunds Liquidated	1	
	6,360,126	6,827,188
Total Income		
Expenditures:		
Operating	5,130,207	4,962,885
Capital Improvements	13,000	
Debt Service	856,675	827,236
Deferred Charges & Statutory Expenditures	606,634	798,102
	6,606,516	6,588,223
Total Expenditures		
Excess/Deficit in Revenue	(246,390)	238,965
Adjustments to Income before Fund Balance:		
Overexpenditure of Appropriations		12,866
Emergency Authorization		100,000
Defecit in Operations	246,390	
	246,390	112,866
Subtotal		351,831
Fund Balance January 1	363,187	356,356
Less: Balance Appropriated	167,520	345,000
Fund Balance December 31	\$ 195,667	\$ 363,187

EXHIBIT D-2

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011	\$ 425
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The accompanying Notes to the Financial Statements are an integral part of this Statement.

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 1,129,637	\$ 1,129,637	\$ 1,120,869	\$ 8,768	
Other Expenses	1,668,420	1,668,420	1,588,444	79,976	
Ocean County Utilities Authority	2,332,150	2,332,150	2,088,780	243,370	
Debt Service:					
Payment of Bond Principal	635,000	635,000	635,000		
Interest on Bonds	226,300	226,300	221,675		\$ 4,625
Capital Improvements:					
Downpayment on Improvements	13,000	13,000	13,000		
Statutory Expenditures:					
Deferred Charges	203,977	203,977	203,977		
Payment of Prior Year Expenses	129,957	129,957	129,818	139	
Contribution to:					
Public Employees' Retirement System	175,700	175,700	175,539	161	
Social Security System (O.A.S.I)	82,000	85,400	85,400		
Unemployment Compensation Insurance	15,000	11,600		11,600	
<b>Total Expenditures</b>	<b>\$ 6,611,141</b>	<b>\$ 6,611,141</b>	<b>\$ 6,262,502</b>	<b>\$ 344,014</b>	<b>\$ 4,625</b>

Cash Disbursements	\$ 5,982,028
Interfund - Utility Capital	13,000
Encumbrances Payable	77,543
Deferred Charges	203,977
Budget Refunds	(9,421)
Accrued Interest	(4,625)
<b>Total</b>	<b>\$ 6,262,502</b>

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

**BOROUGH OF POINT PLEASANT  
PAYROLL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2012 AND 2011**

ASSETS	REFERENCE	<u>2012</u>	<u>2011</u>
Cash - Treasurer	F-1	\$ 191,685	\$ 197,060
Intefund - Utility Operating Fund	D	<u>3,311</u>	<u>3,311</u>
Total		<u>\$ 194,996</u>	<u>\$ 200,371</u>
 LIABILITIES			
Payroll Taxes Payable	F-2	\$ -	\$ 71,829
Interfund - General Capital Fund	C	15,935	15,935
Interfund - Current Fund	A	1,306	1,306
Unidentified		<u>177,755</u>	<u>111,301</u>
Total		<u>\$ 194,996</u>	<u>\$ 200,371</u>

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

**BOROUGH OF POINT PLEASANT  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**B. Descriptions of Funds**

The Governmental Accounting Standards Board (“GASB”) is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB codification establishes seven major fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (“GAAP”).

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (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** - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

**Trust Fund** - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

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

**Sewer & Water Operating and Capital Funds** - Account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

## BOROUGH OF POINT PLEASANT

### NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

#### Note 1. Summary of Significant Accounting Policies (continued):

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 sheet. 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 expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water and Sewer Utility Operating Fund would be on a full accrual basis.

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

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

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

**Inventories of Supplies** - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

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

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 1. Summary of Significant Accounting Policies (continued):**

**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 the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**E. Budget and Budgetary Accounting**

The Borough is required by state law to adopt an annual budget for the Current Fund. Each budget is presented in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The following steps are taken in establishing the budgetary data reflected in the financial statements:

1. Prior to February 10th of the budget year the Borough introduces a budget, which includes proposed expenditures and financing methods.
2. A public hearing is held 28 days after introduction, after a public hearing the budget may be adopted by the governing body.

Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**F. Subsequent Events**

The Borough has evaluated subsequent events occurring after December 31, 2012 through the date of June 30, 2013, which is the date the financial statements were available to be issued.

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 3. Investments:**

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments are held in the name of the Authority and are collateralized by GUDPA.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2012, are provided in the above schedule.

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 4. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 5. Interfund Balances**

Balances due to/from other funds at December 31, 2012 consist of the following:

	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 163,010	\$ 82,252
Grant Fund		161,704
General Capital	15,935	
Water & Sewer Operating		3,311
Open Space Trust Fund	65,000	
Trust Other	17,252	
Payroll Fund	3,311	17,241
	<u>\$ 264,508</u>	<u>\$ 264,508</u>

The purpose of these interfunds is short-term borrowings.

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 6. Debt (continued)**

**A. Long-Term Debt (continued)**

**Loans Payable:**

On November 20, 2000, the Borough received a \$148,836 loan under the Green Trust Loan Program for River and Maxon Avenue Beach Development. The loan is due in semi-annual installments ranging from \$3,689 to \$4,582 through 2020, interest rate at 2.00%	\$ 68,108
On October 24, 2000, the Borough received a \$305,000 loan under the Green Trust Loan Program for McKenna Lake. The loan is due in semi-annual installments ranging from \$7,928 to \$9,389 through 2020, interest rate at 2.00%	139,567
On November 1, 2010, the Borough received a \$113,000 loan under the Green Trust Loan Program for Riverfront Park. The loan is due in semi-annual installments ranging from \$2,407 to \$3,479 through 2030, interest rate at 2.00%	<u>105,779</u>
Total	<u>\$ 313,454</u>

**Water-Sewer Utility Capital Fund**

**Bonds Payable:**

In September 1998, the Borough issued \$2,225,000 general obligation bonds for utility improvements. The annual maturities are \$170,000 through 2015, interest ranging from 4.400% to 4.500%	\$ 510,000
In December 2003, the Borough issued \$2,408,000 general obligation bonds for utility improvements. The annual maturities range from \$275,000 to \$310,000 through 2014, interest rates ranging from 3.500% to 3.625%	600,000
In July 2010, the Borough issued \$4,980,000 general obligation bonds for utility improvements. The annual maturities range from \$190,000 to \$380,000 through 2029, interest rates ranging from 2.000% to 4.000%	<u>4,600,000</u>
Total	<u>\$ 5,710,000</u>

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 6. Debt (continued):**

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

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

On December 31, 2011 and 2012, the Borough had no outstanding bond anticipation notes.

Special Emergency Notes (40A:4-55)

The Borough issues special emergency notes to fund special emergency appropriations prior to the funds being raised in the budget. The term of the notes cannot exceed one year but the notes may be renewed from time to time, but at least 1/5 of all such notes, and the renewals thereof, shall mature and be paid not later than the last day of the fifth year following the date of emergency resolution.

On December 31, 2012, the Borough had \$1,432,244 outstanding in Current Fund special emergency notes. The notes were issued on December 21, 2012 and mature on December 20, 2013 at an interest rate of 1.25%.

Changes in Special Emergency Notes for the Current Fund for the year ended December 31, 2012 are summarized as follows:

Purpose	Balance Dec 31, 2011	Additions	Deductions	Balance Dec 31, 2012
Severance Liabilities	\$ 498,118	\$ 398,494	\$ 498,118	\$ 398,494
Superstorm Sandy	-	1,033,750		1,033,750
<b>Total</b>	<b>\$ 498,118</b>	<b>\$ 1,432,244</b>	<b>\$ 498,118</b>	<b>\$ 1,432,244</b>

**C. Bonds and Notes Authorized But Not Issued**

On December 31, 2012, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$3,026,624
Water/Sewer Capital	4,106,538

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 10. Assessments and Collection of Property Taxes**

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**Note 11. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2012, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance Dec 31, 2012	2013 Budget Appropriation
Current Fund:		
Overexpenditure of Appropriation Reserves	\$ 13,463	\$ 13,463
Special Emergency Authorizations	\$ 1,432,424	\$ 306,553
Utility Operating Fund:		
Defecit in Operations	\$ 246,390	\$ 251,015
State & Federal Grant Fund:		
Expenditure w/out Appropriation	\$ 4,000	\$ 4,000

## BOROUGH OF POINT PLEASANT

### NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

#### Note 12. Pension (continued)

##### C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by  $\frac{1}{2}$  of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.F.R.S. and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service. Tier 3 was added to P.F.R.S. for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

##### D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both P.F.R.S. and P.E.R.S. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Note 15. School Taxes (continued):**

At year end taxes due consisted of the following:

	Local District School Tax	
	Balance December 31, 2012	Balance December 31, 2011
Tax Payable	\$ 8,559,894	\$ 8,262,508
Deferred	<u>7,048,707</u>	<u>7,048,707</u>
Total Unpaid School Taxes	<u>\$15,608,601</u>	<u>\$15,311,215</u>

**Note 16. Contingent Liabilities**

**State and Federal Financial Assistance**

The Borough receives financial assistance from the State of New Jersey and the U. S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors.

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2012, the Borough estimates that no material liabilities will result from such audits.

**Pending Litigation**

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

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

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

## BOROUGH OF POINT PLEASANT

### NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2012

#### Note 17. Length of Service Award Program (“LOSAP”) (continued):

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

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

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

#### Note 18: Other Post Employment Benefits

The financial statements of the Borough are not prepared in accordance with Governmental Accounting Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

##### Plan Description

In addition to the pension benefits described in Note 12, the Borough contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P. The Borough's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. The Borough will cover the entire cost of post-retirement health benefits for the retirees and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and twenty (20) continuous years or more of service with the Borough of Point Pleasant and remains in effect until the employee becomes Medicare eligible. The plan can be amended by the Borough subject to applicable collective bargaining and employment agreements.

**SUPPLEMENTARY EXHIBITS**

**CURRENT FUND**

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF CURRENT CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	11,748,648
Increased by Receipts:		
Miscellaneous Reserves	\$	15,055
Taxes Receivable		55,892,183
Interfunds Receivable		346,333
Prepaid Taxes		501,576
Revenue Accounts Receivable		2,168,250
Due From State of New Jersey - Senior Citizen & Veteran Deductions		263,625
Nonbudget Revenue		258,477
Special Emergency Note		1,432,244
		<hr/>
Subtotal		60,877,743
		<hr/>
Total		72,626,391
		<hr/>
Decreased by Disbursements:		
2012 Appropriations		15,169,745
2011 Reserved Appropriations		771,946
Special Emergency Note Payable		498,118
County Taxes		12,642,696
Local District School Tax		30,919,815
Miscellaneous Reserves		254,842
Interfunds Payable		303,938
Accounts Payable		300
Encumbrances Payable		201,490
Tax Refunds		26,484
		<hr/>
Total Disbursements		60,789,374
		<hr/>
Balance December 31, 2012	\$	11,837,017
		<hr/> <hr/>

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2008	\$	14,685
Increased by:		
Transfers from Taxes Receivable		2,948
Balance December 31, 2009	\$	17,633

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	ACCRUED IN 2012	REALIZED	BALANCE DECEMBER 31, 2012
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages		\$ 13,802	\$ 13,802	
Construction Code Fees		317,895	317,895	
Fees and Permits - Other		35,903	35,903	
Municipal Court	\$ 11,793	102,670	106,588	\$ 7,875
Interest on Investments & Deposits		35,992	35,992	
Interest on Costs on Taxes		331,072	331,072	
Energy Receipts Tax		1,172,134	1,172,134	
Consolidated Municipal Property Tax Relief Aid		55,617	55,617	
Reserve for Repayment of Debt		99,247	99,247	
Total	\$ 11,793	\$ 2,164,332	\$ 2,168,250	\$ 7,875
Cash Receipts			\$ 2,168,250	
Total			\$ 2,168,250	

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

OPERATIONS WITHIN "CAPS":	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<b>Public Works Functions:</b>					
Road Repairs & Maintenance:					
Salaries and Wages	13,047	59,138	28,938	1,363	27,575
Other Expenses		6,699	24,746	17,954	6,792
Other Public Works Functions					
Recycling:					
Salaries and Wages		101	101		101
Other Expenses	3,526	31,499	35,525	34,992	533
Solid Waste Collection:					
Contractual		122,667	122,667	122,667	
Building & Grounds:					
Other Expenses	981	11	2,192	(699)	2,891
Condominium Services Act	5,587	73,023	78,610	77,557	1,053
<b>Health &amp; Human Services:</b>					
Board of Health:					
Salaries and Wages		589	589	382	207
Other Expenses	221	299	520	283	237
Environmental Commission:					
Other Expenses	95	683	778	95	683
Animal Control Program:					
Other Expenses		10,615	2,615	2,100	515
<b>Park &amp; Recreation Functions:</b>					
Recreation Services & Programs:					
Salaries and Wages		2,027	2,027		2,027
Other Expenses	1,083	2,839	3,922	1,450	2,472
<b>Utility Expense &amp; Bulk Purchases:</b>					
Electricity	75	8,200	36,275	35,643	632
Street Lighting	8	3,378	22,386	22,382	4
Telephone	441	8,535	8,976	3,286	5,690
Gasoline	9,500	10,991	35,491	33,250	2,241
Gas	425	5,917	14,342	4,685	9,657
<b>Landfill/Solid Waste Disposal Costs:</b>					
Landfill Dumping Fees	5,000	133,517	138,517	97,489	41,028
<b>Municipal Court:</b>					
Public Defender:					
Other Expenses		5,000	2,000		2,000
<b>State Uniform Construction Code:</b>					
Construction Code Official:					
Salaries and Wages	904	6,917	5,917	3,658	2,259
Other Expenses		8,966	6,870	904	5,966

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011:			
School Tax Payable	\$	8,262,508	
School Tax Deferred		<u>7,048,707</u>	\$ 15,311,215
Increased by:			
Calendar Year Levy - 2012 - 2013			<u>31,217,201</u>
Subtotal			46,528,416
Decreased by:			
Cash Disbursements			<u>30,919,815</u>
Balance December 31, 2012:			
School Tax Payable		8,559,894	
School Tax Deferred		<u>7,048,707</u>	
Total			<u><u>\$ 15,608,601</u></u>

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	GRANT FUND	TRUST OTHER FUND	GENERAL CAPITAL FUND	PAYROLL FUND	WATER/SEWER UTILITY OPERATING FUND	OPEN SPACE TRUST FUND	DOG TRUST FUND
Balance December 31, 2011 Due From/(Due To)	\$ 156,546	\$ 207,880	\$ 2	\$ 1,306	\$ 1	\$ (205)	\$ (1)
Increased by:							
Interfunds Created	235,026	300,026				(65,000)	
Total Increases	235,026	300,026				(65,000)	
Subtotal	391,572	507,906	2	1,306	1	(65,205)	(1)
Decreased by:							
Interfunds Liquidated	311,020	346,202	2		1		
Total Decreases	311,020	346,202	2		1	(205)	(1)
Balance December 31, 2012 Due From/(Due To)	\$ 80,552	\$ 161,704	\$ -	\$ 1,306	\$ -	\$ (65,000)	\$ -

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	2012 ANTICIPATED REVENUE	RECEIVED	TRANSFER FROM UNAPPROPRIATED	CANCEL	BALANCE DECEMBER 31, 2012
State Grants:						
Municipal Alliance on Alcoholism and Drug Abuse	\$ 14,321	\$ 14,834	\$ 8,431			\$ 20,724
Clean Communities Program		31,774	31,774			
NJ Transportation Trust Fund Authority Act: West End Drive - 2007 Municipal Aid	782					782
West End Drive - 2008 Municipal Aid Riverwood Avenue	485,000		243,750			241,250
Community Development Block Grant: CT - 939-11		42,000				42,000
CT - 884-09		46,000				46,000
Recycling Tonnage Grant		56,547		\$ 56,548	\$ (1)	
Alcohol Education & Rehabilitation Driver Sober Grant		2,481		2,481		
Cops in Shops		5,000	5,000			
Body Armor Replacement Grant		2,000	2,000			
Smart Future Growth Grant	6,000	3,056		3,056		6,000
Pedestrian Safety Education and Enforcement	613	8,320		8,320		613
<b>Total Grant Funds</b>	<b>\$ 506,716</b>	<b>\$ 212,012</b>	<b>\$ 290,955</b>	<b>\$ 70,405</b>	<b>\$ (1)</b>	<b>\$ 357,369</b>

Original Budget	\$ 210,012
Chapter 159	2,000
<b>Total</b>	<b>\$ 212,012</b>

**BOROUGH OF POINT PLEASANT  
STATE AND FEDERAL GRANTS FUND  
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011	RECEIVED 2012	UTILIZED AS REVENUE	BALANCE DECEMBER 31, 2012
Alcohol Education and Rehabilitation Fund	\$ 2,481	\$ 3,187	\$ 2,481	\$ 3,187
Recycling Tonage Grant	56,548	44,558	56,548	44,558
Pedestrian Safety Grant	8,320		8,320	
Body Armor Grant	3,056	3,127	3,056	3,127
Over the Limit Grant		4,375		4,375
Total	<u>\$ 70,405</u>	<u>\$ 55,247</u>	<u>\$ 70,405</u>	<u>\$ 55,247</u>

**TRUST FUND**

**BOROUGH OF POINT PLEASANT  
TRUST FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	OTHER	OPEN SPACE	DOG LICENSE
Balance December 31, 2011	\$ 941,926	\$ 207,664	\$ 632
Increased by Receipts:			
Various Reserves	\$ 2,046,132		
Interfunds	35,185	\$ 205	\$ 1
Interest Earnings		371	
State Registration Fees			2,254
License Fees & Others			12,027
Total Increases	2,081,317	576	14,282
Total Increases & Balances	3,023,243	208,240	14,914
Decreased by Disbursements:			
Various Reserves	2,152,579		
Reserve for Municipal Open Space		47,987	
State Registration Fees			2,254
Expenditures Under R.S.4:19-15.11			10,342
Total Disbursements	2,152,579	47,987	12,596
Balance December 31, 2012	\$ 870,664	\$ 160,253	\$ 2,318

**BOROUGH OF POINT PLEASANT  
OPEN SPACE TRUST FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	207,869
Increased by:		
Open Space Tax Levied	\$	65,000
Interest Earnings		371
		<u>65,371</u>
Subtotal		273,240
Decreased by:		
Open Space Expenditures		<u>47,987</u>
Balance December 31, 2012	\$	<u><u>225,253</u></u>

**SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$	205
Increased by:		
Open Space Tax Levy		<u>65,000</u>
Subtotal		65,205
Decreased by:		
Cash Receipts		<u>205</u>
Balance December 31, 2012	\$	<u><u>65,000</u></u>

**BOROUGH OF POINT PLEASANT**  
**LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - (UNAUDITED)**  
**SCHEDULE OF INVESTMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 622,584
Increased by:		
Township Contributions	\$ 92,476	
Appreciation on Investments	68,870	
Interest Earnings	2,669	164,015
		<hr/>
Subtotal		786,599
Decreased by:		
Accounting Charges		
Withdrawals	29,316	29,316
		<hr/>
Balance (Deficit) December 31, 2012		<u><u>\$ 757,283</u></u>

**GENERAL CAPITAL FUND**

EXHIBIT C-1

**BOROUGH OF POINT PLEASANT  
GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2012 & 2011	<u>\$ 14,340</u>
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EXHIBIT C-2

**SCHEDULE OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 2,119,672
Increased by:	
Capital Improvement Fund	<u>110,000</u>
Subtotal	2,229,672
Decreased by:	
Improvement Authorizations	\$ 739,743
Reserve for Payment of Debt	<u>99,247</u>
	838,990
Balance December 31, 2012	<u>\$ 1,390,682</u>

**BOROUGH OF POINT PLEASANT  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 19,812,004
Decreased by:		
Budget Appropriation:		
Serial Bonds Payable	\$ 2,085,000	
Green Acres Loan Payable	28,550	2,113,550
Balance December 31, 2012		<u>\$ 17,698,454</u>

## EXHIBIT C-6

**BOROUGH OF POINT PLEASANT  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 169,002
Increased by:	
Receipts - Current Fund Appropriations	<u>110,000</u>
Subtotal	279,002
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>88,376</u>
Balance December 31, 2012	<u><u>\$ 190,626</u></u>

## EXHIBIT C-7

**SCHEDULE OF RESERVE FOR PAYMENT OF DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011	\$ 99,247
Decreased by:	
Anticipated as Current Fund Budget Revenue	<u>99,247</u>
Balance December 31, 2012	<u><u>\$ -</u></u>

**BOROUGH OF POINT PLEASANT  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2011	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2012
General Improvements	9/15/98	\$ 5,900,000	09/01/13	\$ 470,000	4.40%	\$ 1,410,000	\$ 470,000	\$ 940,000
			09/01/14	470,000	4.50%			
General Improvements	12/15/2003	9,270,000	12/15/13	1,020,000	3.500%	3,910,000	850,000	3,060,000
			12/15/14	1,020,000	3.625%			
			12/15/15	1,020,000	3.750%			
General Improvements	7/7/2010	14,890,000	12/15/13	790,000	2.000%	14,150,000	765,000	13,385,000
			12/15/14	820,000	2.000%			
			12/15/15	850,000	2.000%			
			12/15/16	900,000	3.000%			
			12/15/17	960,000	3.000%			
			12/15/18	1,025,000	3.250%			
			12/15/19	1,100,000	3.250%			
			12/15/20	1,200,000	3.250%			
			12/15/21	1,300,000	3.250%			
			12/15/22	1,480,000	3.250%			
12/15/23	1,480,000	3.500%						
12/15/24	1,480,000	4.000%						
Total						\$ 19,470,000	\$ 2,085,000	\$ 17,385,000

**BOROUGH OF POINT PLEASANT  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2012**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2011	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2012	
2010 Program	11/5/2010	113,000	2/5/2013	2,456	2.00%	110,618	4,839	105,779	
			8/5/2013	2,480	2.00%				
			2/5/2014	2,505	2.00%				
			8/5/2014	2,530	2.00%				
			2/5/2015	2,555	2.00%				
			8/5/2015	2,581	2.00%				
			2/5/2016	2,607	2.00%				
			8/5/2016	2,633	2.00%				
			2/5/2017	2,659	2.00%				
			8/5/2017	2,686	2.00%				
			2/5/2018	2,712	2.00%				
			8/5/2018	2,740	2.00%				
			2/5/2019	2,767	2.00%				
			8/5/2019	2,795	2.00%				
			2/5/2020	2,823	2.00%				
			8/5/2020	2,851	2.00%				
			2/5/2021	2,879	2.00%				
			8/5/2021	2,908	2.00%				
			2/5/2022	2,937	2.00%				
			8/5/2022	2,966	2.00%				
			2/5/2023	2,996	2.00%				
			8/5/2023	3,026	2.00%				
			2/5/2024	3,056	2.00%				
			8/5/2024	3,087	2.00%				
			2/5/2025	3,118	2.00%				
			8/5/2025	3,149	2.00%				
			2/5/2026	3,181	2.00%				
			8/5/2026	3,212	2.00%				
			2/5/2027	3,245	2.00%				
			8/5/2027	3,277	2.00%				
		2/5/2028	3,310	2.00%					
		8/5/2028	3,343	2.00%					
		2/5/2029	3,376	2.00%					
		8/5/2029	3,410	2.00%					
		2/5/2030	3,444	2.00%					
		8/5/2030	3,479	2.00%					
Total									
							\$ 342,004	\$ 28,550	\$ 313,454

**WATER-SEWER UTILITY FUND**

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
SCHEDULE OF UTILITY CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2011	\$ 997,453	\$ 605,349
Increased by Receipts:		
Miscellaneous Revenues	\$ 90,126	
Consumer Rents	6,044,742	
Interest on Delinquent Accounts	42,176	
Due Utility Operating		\$ 684,206
	<u>6,177,044</u>	<u>684,206</u>
Subtotal	<u>6,177,044</u>	<u>684,206</u>
Total	<u>7,174,497</u>	<u>1,289,555</u>
Decreased by Disbursements:		
Budget Appropriations	5,972,607	
Appropriation Reserves	25,608	
Encumbrances Payable	28,198	
Due Utility Capital	684,206	
Improvement Authorizations		871,371
	<u>6,710,619</u>	<u>871,371</u>
Total Disbursements	<u>6,710,619</u>	<u>871,371</u>
Balance December 31, 2012	<u>\$ 463,878</u>	<u>\$ 418,184</u>

EXHIBIT D-7

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$ 1,238,339
Increased by:		
Water-Sewer Levy		5,839,103
Subtotal		7,077,442
Decreased by:		
Cash Collections	\$ 6,044,742	
Cancellations	8,490	6,053,232
Balance December 31, 2012		\$ 1,024,210

EXHIBIT D-8

**SCHEDULE OF APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	BALANCE DECEMBER 31, 2011		BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
	ENCUMBERED	RESERVED			
Salaries and Wages		\$ 13,746	\$ 1,046	\$ 1,009	\$ 37
Other Expenses	\$ 28,198		67,898	52,797	15,101
Ocean County Utilities Authority		418	418		418
Social Security System		2,005	5		5
Unemployment Compensation		25,000	-		-
Total	\$ 28,198	\$ 41,169	\$ 69,367	\$ 53,806	\$ 15,561

EXHIBIT D-10

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF WATER-SEWER OPERATING INTERFUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	662,896
Increased by:			
Down Payment on Improvements Budgeted	\$	13,000	
Utility Capital Deferred Charge Budgeted		8,310	21,310
			<hr/>
Subtotal			684,206
Decreased by:			
Interfunds Liquidated			684,206
			<hr/>
Balance December 31, 2012		\$	<u><u>-</u></u>

EXHIBIT D-11

**SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	259,681
Decreased by:			
Appropriated to Finance Improvement Authorizations			151,004
			<hr/>
Balance December 31, 2012		\$	<u><u>108,677</u></u>

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	BALANCE DECEMBER 31, 2012 & 2011
Pumping Station	\$ 1,675
Wells	1,354,266
Filter System	203,251
Pumping Station	151,618
Aerator Tank	42,000
Elevator Tanks	167,701
Distribution Mains & Accessories	764,080
Meters	290,471
Fire Hydrants	30,735
Garage	14,582
Emergency & Inspections	13,826
Law Expenditures During Construction	5,584
Interest During Construction	2,550
Original Sewer System	15,852,747
Deferred Cash	2,278,000
Water-Sewer System Improvements	727,500
Various Improvements	4,299,105
Sewer Collection System	963,788
Valve	60,000
Heavy Equipment	66,000
Municipal Building Improvements - 1999-2006	125,000
Various Improvements	2,782,705
	\$ 30,197,184
Total	\$ 30,197,184

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	AUTHORIZED DATE	AUTHORIZED AMOUNT		BALANCE DECEMBER 31, 2011		2012 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2012										
					FUNDED	UNFUNDED					FUNDED	UNFUNDED									
01-13	Various Improvements	09/04/01	\$	575,600	\$	6,938					\$	6,938									
02-19	Various Improvements	09/17/02		239,700		54,608						54,608									
03-16	Various Improvements	08/05/03		621,361		238,841	\$	11,565	\$	11,565		258,841									
04-16	Various Improvements	08/03/04		278,875		16,513	15,476			15,476		16,513									
05-22	Various Improvements	09/06/05		1,679,975		11,567	34,201	\$	34,201			11,567									
06-08	Interconnect	05/16/06		85,000		16,095						16,095									
06-20, 12-02	Various Improvements	03/20/12		1,427,447		95,782	700			96,576		9,324									
06-26	Improvements to Water Facilities	12/19/06		200,000		6,543						6,543									
07-12	Various Improvements	08/07/07		466,900		330,934						330,934									
07-13	Various Improvements	08/29/07		360,000			111,825			20,641											
08-11	Various Improvements	08/19/08		213,045								1,359									
09-19	Various Improvements	10/20/09		101,700		91,656						91,656									
10-08	Various Improvements	08/29/07		283,700		249,014						248,830									
10-15, 12-03	Various Improvements	03/20/12		1,020,505			210,405			3,500											
11-21	Purchase of Various Equipment & Various Improvements	10/20/09		473,400		23,400						39,346									
12-04	Drainage Improvements at Powlhatan Ave	03/20/12		89,750			89,750			25,602		53,174									
12-05	Replacement of Pumping Stations	03/20/12		2,027,500			2,027,500			109,628		1,838,300									
12-16	Various Improvements	08/21/12		243,600			243,600			53,227		187,353									
<b>Total</b>						\$	1,163,250	\$	467,845	\$	3,020,102	\$	622,195	\$	871,372	\$	375,561	\$	1,053,208	\$	2,973,251

**BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2011	2012 AUTHORIZATIONS	BALANCE DECEMBER 31, 2012
05-22	Various Improvements	\$ 17,845		\$ 17,845
10-15, 12-03	Various Improvements	769,595	\$ 199,885	969,480
11-21	Purchase of Various Equipment & Various Improvements	450,000		450,000
12-02	Various Improvements		426,405	426,405
12-04	Drainage Improvements at Powhatan Ave		85,263	85,263
12-05	Replacement of Pumping Stations		1,926,125	1,926,125
12-16	Various Improvements		231,420	231,420
		<u>\$ 1,237,440</u>	<u>\$ 2,869,098</u>	<u>\$ 4,106,538</u>

**PAYROLL FUND**

EXHIBIT F-1

**BOROUGH OF POINT PLEASANT  
PAYROLL FUND  
SCHEDULE OF PAYROLL FUND CASH  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	197,060
Increased by Receipts:			
Payroll	\$	9,955,476	
Due to Current Fund Interest		<u>502</u>	<u>9,955,978</u>
Subtotal			10,153,038
Decreased by Disbursements:			
Disbursements			<u>9,961,353</u>
Balance December 31, 2012		\$	<u><u>191,685</u></u>

EXHIBIT F-2

**SCHEDULE OF PAYROLL TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Balance December 31, 2011		\$	71,829
Increased by:			
Payroll Deductions			<u>9,955,980</u>
Subtotal			10,027,809
Decreased by:			
Disbursements			<u>10,027,809</u>
Balance December 31, 2012		\$	<u><u>-</u></u>

**SUPPLEMENTARY DATA**

**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 .72%.

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 8,740,000	\$ 8,740,000	
Water-Sewer Utility Debt	9,816,538	5,368,838	\$ 4,447,700
General Debt	20,725,078	-	20,725,078
	<hr/>		
Total	\$ 39,281,616	\$ 14,108,838	\$ 25,172,778
	<hr/>		

Net Debt, \$25,172,778 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, \$3,495,964,270 equals .72%.

Equalized Valuation Basis:

2012	\$ 3,303,517,631
2011	3,509,090,881
2010	3,675,284,299
	<hr/>
Average	\$ 3,495,964,270
	<hr/>

**Borrowing Power Under 40A:2-6:**

3 1/2 % of Equalized Valuation Bases (Municipal)	\$ 122,358,749
Net Debt	25,172,778
	<hr/>
Remaining Borrowing Power	\$ 97,185,971
	<hr/>

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

Cash Receipts From Fees, Rents & Other Charges	\$ 6,044,742
Deductions:	
Operating & Maintenance Costs	\$ 5,405,827
Debt Service	861,300
	<hr/>
Revenue - (Deficit)	\$ (222,385)
	<hr/>

**Comparison of Tax Levies  
and Collection Currently**

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

YEAR	TAX LEVY	CURRENTLY	
		CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2012	\$ 57,104,774	\$ 55,358,784	96.94%
2011	55,635,545	53,822,115	96.74%
2010	54,046,251	51,467,882	95.23%

**Comparison of Tax Rate Information**

	2012	2011	2010
Total Tax Rate	<u>\$1.757</u>	<u>\$1.705</u>	<u>\$1.644</u>
Apportionment of Tax Rate:			
Municipal	0.405	0.382	0.364
Municipal Open Space	0.001	0.002	0.002
County	0.391	0.381	0.369
Local School	0.960	0.940	0.909

**Net Valuation Taxable:**

2012	<u>\$ 1,399,530,729</u>	
2011		<u>\$ 3,259,252,110</u>
2010		<u>\$ 3,279,020,068</u>

**Delinquent Taxes and Tax Title Liens**

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

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2012	\$ 17,633	\$ 1,459,464	\$ 1,477,097	2.587%
2011	14,685	1,551,547	1,566,232	2.815%
2010	10,269	2,360,163	2,370,432	4.386%

### OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2012:

NAME	POSITION	AMOUNT OF BOND
William G. Schroeder	Mayor	
Antoinette DePaola	Council President	
Robert Sabosik	Councilman	
Christian Leitner	Councilman	
Christian Gross	Councilman	
John Wisniewski	Councilman	
William Borrowsky	Councilman	
David Maffei	Administrator/Borough Clerk/ Assessment Search Officer	
Jerry J. Dasti, Esq.	Attorney	
Himanshu Shan	Chief Financial Officer	1,000,000
Bernadine E. Pearce	Tax Collector	1,000,000
James A. Liguori	Magistrate	
Michelle Sargent	Court Administrator	1,000,000

All of the Bonds were examined and were properly executed.

There was an Employees' Blanket Performance Bond in the amount of \$50,000 for municipal employees carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Joint Insurance Fund

**BOROUGH OF POINT PLEASANT  
COUNTY OF OCEAN**

**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

\*\*\*\*\*



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

We have audited the financial statements of the Borough of Point Pleasant in the County of Ocean for the year ended December 31, 2012.

**Scope of Audit**

The audit covered the financial transactions of the Treasurer, Tax Collector, and Water-Sewer Utility Collector, the activities of the Mayor and Council and the records of the various outside departments.

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

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

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

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

**GENERAL COMMENTS**

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

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 as of January 1, 2012, except by contract or agreement.

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

**Delinquent Taxes and Tax Title Liens (continued)**

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

YEAR	NUMBER OF LIENS
2012	6
2011	6
2010	5

**Deductions From Taxes**

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

**Municipal Court**

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

The statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

**Financial Administration**

**Finding 2012-01:**

It was noted during our audit that a general ledger is not being properly maintained across all funds in accordance with *N.J.A.C.5:30-5.7* and as a result material audit adjustments were needed in order to achieve proper presentation in the financial statements.

**Recommendation:**

That the general ledger for all funds be accurately and completely maintained to ensure adequate control over the presentation of the financial statements and related footnotes.

**\*Finding 2012-02:**

It was noted during our audit that an accurate fixed assets ledger is not being maintained.

**Recommendation:**

The Borough should properly update and maintain their fixed asset ledger.

**Payroll Office:**

**\*Finding 2012-07:**

The Borough has not maintained an analysis of the payroll reserve balance in the general ledger accounting system.

**Recommendation:**

The payroll deduction reserve balance should be properly analyzed and reconciled in a timely manner.

**Tax Office:**

**\*Finding 2012-08:**

It was noted during our audit that the monthly activity and ending balances in the tax and water-sewer billing and collection system are not being reconciled and posted to the general ledger on a timely basis.

**Recommendation:**

The Borough should implement procedures to ensure all activity of the tax collector and water-sewer collector is reported to the Finance Office on a timely basis.

**Finding 2012-09:**

It was noted during our audit that monthly bank reconciliations for third party premium and lien accounts were not being performed on timely basis and activity was not being properly posted.

**Recommendation:**

That all monthly bank reconciliations for the outside premium and lien accounts are performed on timely basis and all activity for third party premium and liens be properly posted.

**Finding 2012-10:**

It was noted during our audit that the Borough did not segregate "surcharge" revenue, which is a separate line item in the Borough's 2012 legally adopted budget, from Water-Sewer Utility Rents revenue in the Water-Sewer Utility Fund.

**Recommendation:**

That separate line items in the Borough's approved budget be accounted for separately in the Borough's accounting system in order to properly monitor budget revenue.