

BOROUGH OF POINT PLEASANT

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2013**

**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, 2013**



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
Borough Council
Point Pleasant Borough
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 Borough of Point Pleasant, County of Ocean, State of New Jersey as of December 31, 2013 and 2012, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 30.80% and 40.44% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2013 and 2012.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the LOSAP Trust Fund financial statements as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraphs, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as of December 31, 2013 and 2012, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2013 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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 basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014 on our consideration of the Borough of Point Pleasant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Point Pleasant's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
CR483

August 25, 2014
Freehold, New Jersey

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

"

The Honorable Mayor and Members of the
Borough Council
Point Pleasant Borough
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 Borough of Point Pleasant (herein referred to as “the Borough”), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated August 25, 2014 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division of Local Government Services.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township'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 Township’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Comments & Recommendations we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 Township’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No.’s 2013-01 and 2013-02.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying Comments & Recommendations section as Finding No's. 2013-01 and 2013-02.

Response to Findings

Borough of Point Pleasant's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. Borough of Point Pleasant's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

August 25, 2014
Freehold, New Jersey

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 21,974,198	\$ 11,837,017
Change Fund	A	550	550
Petty Cash Funds	A	469	409
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A	29,807	15,980
Total Regular Fund		<u>22,005,024</u>	<u>11,853,956</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	1,892,345	1,459,464
Tax Title Liens Receivable	A-6	19,260	17,633
Revenue Accounts Receivable	A-7	12,919	7,875
Due From Interfunds:			
State & Federal Grant Fund	A-12	29,269	161,704
Payroll Fund	A-12	-	1,306
Total Receivables & Other Assets With Full Reserves		<u>1,953,793</u>	<u>1,647,982</u>
Deferred Charges:			
Community Disaster Loan Program	A	1,910,000	-
Overexpenditure of Appropriation Reserves	A	-	13,463
Special Emergency Authorizations	A-14	770,883	1,432,424
Total Deferred Charges		<u>2,680,883</u>	<u>1,445,887</u>
Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>26,639,700</u>	<u>14,947,825</u>
State & Federal Grants:			
Cash	A	1,896	-
Grants Receivable	A-15	222,085	357,369
Deferred Charges:			
Expenditure without Appropriation	A	-	4,000
Total State & Federal Grants		<u>223,981</u>	<u>361,369</u>
Total Assets		<u><u>\$ 26,863,681</u></u>	<u><u>\$ 15,309,194</u></u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2013	2012
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-8	\$ 485,282	\$ 1,041,411
Reserve for Encumbrances	A-3,A-4,A-8	252,988	837,851
Accounts Payable	A	54,641	37,655
Tax Overpayments	A-4,A-5	13,862	31,969
Prepaid Taxes	A-4,A-5	524,541	501,576
County Tax Payable	A-10	15,515	27,867
Community Disaster Loan Payable	A	1,910,000	-
Tax Anticipation Note Payable	A	10,000,000	-
Local District School Tax Payable	A-9	8,773,471	8,559,894
Special Emergency Note Payable	A-13	770,883	1,432,244
Miscellaneous Reserves:			
Recreation Improvements	A-11	-	68,851
Reserve For Superstorm Sandy	A-11	206,750	-
Sale of Municipal Assets	A-11	6,001	-
Due to State of NJ - Marriage License Fees	A-11	880	780
Due To Interfunds:			
Trust Other Fund	A-12	47,154	17,252
Open Space Trust Fund	A-12	-	65,000
		23,061,968	12,622,350
Subtotal			
Reserve for Receivables & Other Assets	A	1,953,793	1,647,982
Fund Balance	A-1	1,623,939	677,493
		26,639,700	14,947,825
Total Regular Fund			
State & Federal Grants:			
Reserve for Grants Appropriated	A-16	117,341	126,280
Reserve for Grants Unappropriated	A-17	47,895	55,247
Reserve for Encumbrances	A-16	29,476	16,269
Due to State of New Jersey	A	-	1,646
Due to County of Ocean	A	-	223
Due Current Fund	A	29,269	161,704
		223,981	361,369
Total State & Federal Grants			
Total Liabilities, Reserves & Fund Balance		\$ 26,863,681	\$ 15,309,194

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, 2013 AND 2012**

	2013	2012
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ -	\$ 1,221,000
Miscellaneous Revenue Anticipated	4,723,218	2,380,262
Receipts From Delinquent Taxes & Tax Title Liens	1,364,563	1,547,023
Receipts From Current Taxes	55,828,445	55,358,784
Nonbudget Revenue	227,972	258,477
Other Credits to Income:		
Interfunds Liquidated	179,045	81,497
Recreation Improvement Reserve Closed	68,851	-
Closing of Reserve Balances	10,244	-
Unexpended Balance of Appropriation Reserves	603,194	338,487
Total	63,005,532	61,185,530
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	6,580,982	6,712,643
Other Expenses	5,472,126	5,605,756
Deferred Charges & Statutory Expenditures	1,558,968	1,601,342
Excluded From "CAPS":		
Operations:		
Other Expenses	712,193	469,581
Capital Improvements	100,000	110,000
Municipal Debt Service	2,864,771	2,728,308
Deferred Charges	306,553	193,405
Judgements	-	52,329
County Taxes	12,738,543	12,628,108
Due County for Added & Omitted Taxes	15,515	27,867
Local District School Tax	31,644,355	31,217,201
Municipal Open Space Tax	65,080	65,000
Reserve for Tax Appeals	-	160,719
Total Expenditures	62,059,086	61,572,259
Excess/Deficit in Revenue	946,446	(386,729)
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	1,033,750
Statutory Excess to Fund Balance	946,446	647,021
Fund Balance January 1	677,493	1,251,472
Total	1,623,939	1,898,493
Decreased by: Utilization as Anticipated Revenue	-	1,221,000
Fund Balance December 31	\$ 1,623,939	\$ 677,493

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, 2013**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	\$ 13,000	\$ -	\$ 13,512	\$ 512
Fees & Permits:				
Uniform Construction Code Fees	300,000	-	428,802	128,802
Other	35,000	-	39,153	4,153
Fines & Costs:				
Municipal Court	105,000	-	134,465	29,465
Interest & Costs on Taxes	331,000	-	271,052	(59,948)
Interest on Investments & Deposits	35,000	-	8,624	(26,376)
Energy Receipts Tax	1,196,320	-	1,196,320	-
Consolidated Municipal Property				
Tax Relief Act	31,256	-	31,256	-
Community Disaster Loan Program	1,910,000	-	1,910,000	-
FEMA Reimbursement	206,750	-	206,750	-
Clean Communities Program	37,306	-	37,306	-
Cops In Shops	2,000	-	2,000	-
Alcohol Education & Rehabilitation Fund	3,187	-	3,187	-
2012 NJ DOT Municipal Aid	350,000	-	350,000	-
Drunk Driving Enforcement Fund 2013		28,272	28,272	-
Municipal Alliance on Alcoholism and Drug Abuse	14,834	-	14,834	-
Recycling Tonnage Grant	44,558	-	44,558	-
Body Armor Replacement Fund	3,127	-	3,127	-
Total Miscellaneous Revenues	4,618,338	28,272	4,723,218	76,608
Receipts From Delinquent Taxes	1,400,000	-	1,364,563	(35,437)
Subtotal General Revenues	6,018,338	28,272	6,087,781	41,171
Local Tax for Municipal Purposes	13,442,894	-	13,270,949	(171,945)
Budget Totals	19,461,232	28,272	19,358,730	(130,774)
Nonbudget Revenues	-	-	227,972	227,972
Total	\$ 19,461,232	\$ 28,272	\$ 19,586,702	\$ 97,198

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, 2013**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 55,828,445
Less: Allocated for School, County Taxes & Open Space Taxes	<u>44,447,978</u>
Total Allocation of Current Tax Collections	11,380,467
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,890,482</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 13,270,949</u>
Delinquent Property Taxes Receivable	<u>1,364,563</u>
Total Receipts From Delinquent Taxes	<u>\$ 1,364,563</u>
Fees & Permits:	
Zoning Board Permits	\$ 8,920
Planning Board Permits	2,440
Board of Health Permits	23,824
Other	<u>3,969</u>
Total Fees & Permits	<u>\$ 39,153</u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 39,465
Cell Tower Rental	43,059
Cable TV Fees	73,689
Grading and Drainage	33,772
Hurricane Sandy Reimbursement	5,750
Miscellaneous Other	<u>32,237</u>
Nonbudget Revenue	<u>\$ 227,972</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 25,602	\$ 26,602	\$ 26,148	\$ -	\$ 454	\$ -
Other Expenses	110,000	127,500	94,482	20,512	12,506	-
Mayor & Council:						
Salaries and Wages	10,200	11,500	11,480	-	20	-
Municipal Clerk:						
Salaries and Wages	192,783	187,783	187,783	-	-	-
Other Expenses	11,250	13,250	11,786	472	992	-
Financial Administration (Treasury):						
Salaries and Wages	71,980	73,230	71,302	-	1,928	-
Other Expenses	6,325	5,075	1,084	1,683	2,308	-
Audit Services:						
Annual Audit	62,451	62,451	61,163	-	1,288	-
Revenue Administration (Tax Collector):						
Salaries and Wages	87,566	90,066	88,984	-	1,082	-
Other Expenses	13,475	18,075	17,136	-	939	-
Tax Assessor:						
Salaries and Wages	136,071	137,771	137,687	-	84	-
Other Expenses	6,795	6,795	2,783	3,908	104	-
Legal Services:						
Other Expenses	155,000	155,000	131,209	1,500	22,291	-
Engineering Services & Costs:						
Other Expenses	110,000	135,500	121,987	160	13,353	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,500	9,000	8,896	-	104	-
Other Expenses	40,450	35,450	22,909	207	12,334	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	3,610	3,610	1,861	955	794	-
Zoning Officer:						
Salaries and Wages	79,235	85,235	83,172	-	2,063	-
Other Expenses	550	550	267	280	3	-
Insurance:						
Unemployment Insurance	60,000	60,000	60,000	-	-	-
Liability Insurance	179,238	179,238	178,961	-	277	-
Workers' Compensation Insurance	210,410	210,410	210,409	-	1	-
Employee Group Insurance	1,498,066	1,518,066	1,486,493	706	30,867	-
Group Health Waivers	8,500	8,500	7,104	-	1,396	-
Public Safety Functions:						
Police:						
Salaries and Wages	4,164,900	4,186,900	4,153,695	-	33,205	-
Other Expenses	220,408	270,408	220,277	32,199	17,932	-
Emergency Management Services:						
Salaries and Wages	3,350	3,750	3,500	-	250	-
Other Expenses	3,940	3,940	1,776	315	1,849	-
Aid to Volunteer Fire Companies:						
Other Expenses:						
Fire Station No. 75	154,885	154,885	154,885	-	-	-
Aid to Volunteer Ambulance Companies:						
Other Expenses	90,000	90,000	90,000	-	-	-
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,049,385	1,096,385	1,092,520	-	3,865	-
Other Expenses	127,730	153,730	129,502	20,623	3,605	-
Other Public Works Functions:						

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, 2013**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Recycling:						
Salaries and Wages	4,080	10,080	4,500	-	5,580	-
Other Expenses	219,700	219,700	192,540	21,493	5,667	-
Solid Waste Collection:						
Contractual	490,000	510,000	442,458	40,833	26,709	-
Building & Grounds:						
Other Expenses	28,888	28,888	18,763	4,459	5,666	-
Community Services Act:						
Other Expenses	135,000	135,000	127,421	-	7,579	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	60,553	62,553	60,936	-	1,617	-
Other Expenses	2,085	2,085	1,666	49	370	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	1,200	-	-	-
Other Expenses	1,190	1,190	517	300	373	-
Animal Control Program:						
Other Expenses	26,000	26,000	19,298	3,250	3,452	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	242,254	251,254	244,802	-	6,452	-
Other Expenses	11,130	11,130	8,562	1,887	681	-
Utility Expense & Bulk Purchases:						
Electricity	90,000	90,000	76,246	11,732	2,022	-
Street Lighting	135,000	135,000	118,136	16,864	-	-
Telephone	46,000	46,000	28,703	1,702	15,595	-
Gasoline	155,000	145,000	138,018	2,496	4,486	-
Natural Gas	14,000	14,000	10,606	3,343	51	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	650,000	643,300	548,206	42,738	52,356	-
Municipal Court:						
Salaries and Wages	28,534	28,634	28,543	-	91	-
Other Expenses	8,200	3,200	1,243	-	1,957	-
Public Defender:						
Other Expenses	5,000	5,000	5,000	-	-	-
State Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	295,039	310,539	306,435	-	4,104	-
Other Expenses	26,600	12,600	6,051	220	6,329	-
Other Common Operating Functions:						
Salary Adjustments	37,000	17,000	-	-	17,000	-
Sick Pay Payouts	300,000	213,600	212,701	-	899	-
Prior Year Bills:						
Solid Waste Contractual	34,200	-	-	-	-	-
Landfill	92,300	-	-	-	-	-
Contingent	1,000	1,000	-	-	1,000	-
Total Operations Within "CAPS"						
Including Contingent	12,051,108	12,053,108	11,482,292	234,886	335,930	-
Detail:						
Salaries and Wages	6,469,732	6,580,982	6,520,083	-	60,899	-
Other Expenses	5,581,376	5,472,126	4,962,209	234,886	275,031	-
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Deferred Charges:						
Overexpenditure of						
Appropriation Reserve	13,463	13,463	13,463	-	-	-
Expenditure without						
an Appropriation	4,000	4,000	4,000	-	-	-

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, 2013**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	505,000	502,500	493,628	-	8,872	-
Public Employees' Retirement System	247,005	247,505	247,060	-	445	-
Police & Firemen's Retirement System	790,000	790,000	787,458	-	2,542	-
Defined Contribution Retirement Program	1,500	1,500	1,243	-	257	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,560,968	1,558,968	1,546,852	-	12,116	-
Total General Appropriations for Municipal Purposes Within "CAPS"	13,612,076	13,612,076	13,029,144	234,886	348,046	-
Operations Excluded From "CAPS":						
LOSAP	90,000	90,000	-	-	90,000	-
Shared Services Agreement:						
Municipal Court - Borough of Point Pleasant Beach	90,000	90,000	59,518	-	30,482	-
Construction Code Official - Borough of Point Pleasant Beach Other Expenses	35,200	35,200	28,446	-	6,754	-
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Clean Communities Program	37,306	37,306	37,306	-	-	-
Alcohol Education & Rehabilitation Fund	3,187	3,187	3,187	-	-	-
Pedestrian Safety Grant						
Municipal Alliance to Prevent Alcoholism and Drug Abuse	14,834	14,834	14,834	-	-	-
Cops In Shops	2,000	2,000	2,000	-	-	-
Drive Sober Grant						
Recycling Tonnage Grant	44,558	44,558	44,558	-	-	-
Body Armor Replacement Fund	3,127	3,127	3,127	-	-	-
Drunk Driving Enforcement Fund		28,272	28,272	-	-	-
2012 NJDOT Municipal Aid	350,000	350,000	350,000	-	-	-
Municipal Alliance to Prevent Alcoholism and Drug Abuse-Local Match	3,709	3,709	3,709	-	-	-
Total Operations Excluded from "CAPS"	683,921	712,193	574,957	-	137,236	-
Detail:						
Other Expenses	683,921	712,193	574,957	-	137,236	-
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	100,000	100,000	100,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	100,000	100,000	100,000	-	-	-
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	2,280,000	2,280,000	2,280,000	-	-	-
Interest on Bonds	567,200	567,200	563,771	-	-	3,429
Interest on Notes	21,000	21,000	21,000	-	-	-
Total Municipal Debt Service						

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, 2013**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Excluded From "CAPS"	2,868,200	2,868,200	2,864,771	-	-	3,429
Deferred Charges - Municipal - Excluded from "CAPS":						
Deferred Charge:						
Special Emergency Authorization	306,553	306,553	306,553	-	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS":	306,553	306,553	306,553	-	-	-
Total General Appropriations for Municipal Purposes Excluded from CAPS	3,958,674	3,986,946	3,846,281	-	137,236	3,429
Subtotal General Appropriations	17,570,750	17,599,022	16,875,425	234,886	485,282	3,429
Reserve For Uncollected Taxes	1,890,482	1,890,482	1,890,482	-	-	-
Total General Appropriations	<u>\$ 19,461,232</u>	<u>\$ 19,489,504</u>	<u>\$ 18,765,907</u>	<u>\$ 234,886</u>	<u>\$ 485,282</u>	<u>\$ 3,429</u>
Adopted Budget		\$ 19,461,232				
Chapter 159		<u>28,272</u>				
Total		<u>\$ 19,489,504</u>				

Interfunds:

Federal & State Grant Fund	\$ 486,993
Reserve for Uncollected Taxes	1,890,482
Deferred Charges	306,553
Disbursements	<u>16,081,879</u>
Total	<u>\$ 18,765,907</u>

**BOROUGH OF POINT PLEASANT
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Animal Control Trust Fund:			
Cash	B-1	\$ 1,002	\$ 2,318
Change Fund	B	25	25
Total Animal Control Fund		<u>1,027</u>	<u>2,343</u>
Open Space Trust Fund:			
Cash	B-1	241,546	160,253
Due from Current Fund	B-5	-	65,000
Total Open Space Trust		<u>241,546</u>	<u>225,253</u>
Other Trust Fund:			
Cash	B-1	1,615,783	870,664
Due from Current Fund	A	47,154	17,252
Total Other Trust		<u>1,662,937</u>	<u>887,916</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited			
Funds Held by Trustee	B-7	848,243	757,283
Total LOSAP		<u>848,243</u>	<u>757,283</u>
Total - All Funds		<u>\$ 2,753,753</u>	<u>\$ 1,872,795</u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Due to the State of NJ	B-2	\$ 1	\$ -
Reserve for Expenditures	B-3	1,026	2,343
Total Dog License Fund		<u>1,027</u>	<u>2,343</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	241,546	225,253
Total Open Space Trust		<u>241,546</u>	<u>225,253</u>
Other Trust Fund:			
Due to Board of Education	B	2,321	2,321
Various Reserves	B-6	1,660,616	885,595
Total Other Trust		<u>1,662,937</u>	<u>887,916</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited			
Reserve for Length of Service Awards Program	B-8	848,243	757,283
Total LOSAP		<u>848,243</u>	<u>757,283</u>
Total - All Funds		<u>\$ 2,753,753</u>	<u>\$ 1,872,795</u>

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

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	<u>2013</u>	<u>2012</u>
Cash	C-2	\$ 2,168,545	\$ 1,390,682
Grants Receivable			
Deferred Charges to Future Taxation:			
Unfunded	C-5	7,289,194	3,026,624
Funded	C-4	15,389,330	17,698,454
Due from Payroll Fund	A	<u>-</u>	<u>15,935</u>
 Total		 <u>\$ 24,847,069</u>	 <u>\$ 22,131,695</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-9	\$ 15,105,000	\$ 17,385,000
Green Acres Loan Payable	C-10	284,330	313,454
Bond Anticipation Notes Payable	C-7	4,680,000	-
Capital Improvement Fund	C-6	63,280	190,626
Improvement Authorizations:			
Unfunded	C-8	2,000,601	2,062,536
Funded	C-8	1,669,366	1,748,174
Reserve for Encumbrances	C-8	963,678	382,565
Reserve for Payment of Debt	C	18,604	-
Reserve for Bay Point Harbor	C	10,000	10,000
Reserve for Police Department	C	25,000	25,000
Fund Balance	C-1	<u>27,210</u>	<u>14,340</u>
 Total		 <u>\$ 24,847,069</u>	 <u>\$ 22,131,695</u>

There were bonds and notes authorized but not issued on December 31, 2013 of \$2,609,194 and on December 31, 2012 was \$3,026,624.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

ASSETS	REFERENCE	2013	2012
Operating Fund:			
Cash	D-5	\$ 1,022,314	\$ 463,878
Cash - Change Fund	D	300	300
Total		<u>1,022,614</u>	<u>464,178</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	<u>1,007,684</u>	<u>1,024,210</u>
Total Receivable & Other Assets With Full Reserves		<u>1,007,684</u>	<u>1,024,210</u>
Deferred Charges:			
Community Disaster Loan Program	D	351,463	-
Deficit in Operations	D	<u>-</u>	<u>246,390</u>
Total Deferred Charges		<u>351,463.00</u>	<u>246,390</u>
Total Operating Fund		<u>2,381,761</u>	<u>1,734,778</u>
Capital Fund:			
Cash	D-5	1,415,553	418,184
Deferred Charge:			
Overexpenditure of Improvement Authorization			
Fixed Capital Authorized & Uncompleted	D-12	10,352,895	9,241,538
Fixed Capital	D-13	<u>30,197,184</u>	<u>30,197,184</u>
Total Capital Fund		<u>41,965,632</u>	<u>39,856,906</u>
Total Operating & Capital Fund		<u>\$ 44,347,393</u>	<u>\$ 41,591,684</u>

Bonds and Notes authorized but not issued as of December 31, 2013 was \$3,857,895 and as of December 31, 2012 was \$4,106,538.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013 AND 2012**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	<u>2013</u>	<u>2012</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,D-9	\$ 256,799	\$ 344,014
Community Disaster Loan Payable	D	351,463	-
Accounts Payable	D	2,919	-
Reserve for Encumbrances	D-4,D-5	148,743	77,543
Consumer Overpayments	D	7,193	9,699
Accrued Interest on Bonds & Notes	D-9	76,404	80,334
Due to Payroll Fund	D-10	-	3,311
Subtotal		<u>843,521</u>	<u>514,901</u>
Reserve for Receivables	D	1,007,684	1,024,210
Fund Balance	D-1	<u>530,556</u>	<u>195,667</u>
Total Operating Fund		<u>2,381,761</u>	<u>1,734,778</u>
Capital Fund:			
Serial Bonds	D-17	5,050,000	5,710,000
Bond Anticipation Notes	D-18	1,360,000	-
Improvement Authorizations:			
Funded	D-16	1,780,580	1,053,208
Unfunded	D-16	3,073,091	2,973,251
Reserves for:			
Amortization	D-15	29,875,585	29,215,585
Deferred Amortization	D-14	406,599	406,599
Encumbrances	D-16	291,825	375,561
Capital Improvement Fund	D-11	110,184	108,677
Down Payment on Improvements	D	13,600	13,600
Fund Balance	D-2	<u>4,168</u>	<u>425</u>
Total Capital Fund		<u>41,965,632</u>	<u>39,856,906</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 44,347,393</u>	<u>\$ 41,591,684</u>

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

**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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ -	\$ 167,520
Consumer Accounts Receivable	6,091,268	6,044,742
Interest on Delinquents	42,954	42,176
Miscellaneous	81,726	90,126
Community Disaster Loan Program	351,463	-
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	275,283	15,561
Interfunds Liquidated	-	1
	<u>6,842,694</u>	<u>6,360,126</u>
Total Income		
Expenditures:		
Operating	5,043,448	5,130,207
Capital Improvements	60,000	13,000
Debt Service	857,000	856,675
Deferred Charges & Statutory Expenditures	547,357	606,634
	<u>6,507,805</u>	<u>6,606,516</u>
Total Expenditures		
Excess/Deficit in Revenue	<u>334,889</u>	<u>(246,390)</u>
Adjustments to Income before Fund Balance:		
Overexpenditure of Appropriations		
Emergency Authorization		
Defecit in Operations	-	246,390
	<u>334,889</u>	<u>-</u>
Subtotal		
Fund Balance January 1	195,667	363,187
Less: Balance Appropriated	<u>-</u>	<u>167,520</u>
Fund Balance December 31	<u>\$ 530,556</u>	<u>\$ 195,667</u>

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 426
Increased by:	
Premium on BAN's	<u>3,742</u>
Balance December 31, 2013	<u>\$ 4,168</u>

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 REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ -	\$ -	
Rents	6,031,342	6,091,268	\$ 59,926
Interest on Delinquent Accounts	40,000	42,954	2,954
Miscellaneous	85,000	81,726	(3,274)
Community Disaster Loan Program	351,463	351,463	-
Total	<u>\$ 6,507,805</u>	<u>\$ 6,567,411</u>	<u>\$ 59,606</u>

Miscellaneous

Tap Fees	\$ 6,179
On/Off Charges	10,075
Readings/Test	6,990
Other	17,641
Return Check Charge	1,050
Meter Sale & Repairs	20,840
Connection Fees	6,570
Road Openings	12,100
Interest on Investments	281
Total Miscellaneous	<u>\$ 81,726</u>

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, 2013**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 1,228,113	\$ 1,278,113	\$ 1,151,810	\$ 126,303	\$ -
Other Expenses	1,822,835	1,762,835	1,648,119	114,716	
Ocean County Utilities Authority	2,002,500	2,002,500	2,000,006	2,494	
Debt Service:					
Payment of Bond Principal	660,000	660,000	660,000		
Interest on Bonds	197,000	197,000	197,000		
Capital Improvements:					
Downpayment on Improvements	60,000	60,000	60,000		
Statutory Expenditures:					
Deficit in Operations in Prior Years	251,015	251,015	251,015		
Contribution to:					
Public Employees' Retirement System	181,342	191,342	191,074	268	
Social Security System (O.A.S.I)	90,000	90,000	82,559	7,441	
Unemployment Compensation Insurance	15,000	15,000	9,423	5,577	
	<hr/>				
Total Expenditures	\$ 6,507,805	\$ 6,507,805	\$ 6,251,006	\$ 256,799	\$ -
	<hr/>				
			\$ 5,851,248		
			148,743		
			251,015		
			<hr/>		
Total			\$ 6,251,006		
			<hr/>		

**BOROUGH OF POINT PLEASANT
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2013 AND 2012**

ASSETS	<u>2013</u>	<u>2012</u>
Land	\$ 22,840,500	\$ 4,348,111
Buildings & Improvements	5,350,400	4,427,014
Equipment & Machinery	2,430,050	2,832,652
Vehicles	<u>5,987,675</u>	<u>1,493,607</u>
Total	<u>\$ 36,608,625</u>	<u>\$ 13,101,384</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 36,608,625</u>	<u>\$ 13,101,384</u>

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, 2013 AND 2012**

ASSETS	REFERENCE	<u>2013</u>	<u>2012</u>
Cash - Treasurer	F-1	\$ 114,799	\$ 191,685
Intefund - Utility Operating Fund	D	-	3,311
Total		<u>\$ 114,799</u>	<u>\$ 194,996</u>
 LIABILITIES 			
Payroll Taxes Payable	F-2	\$ 11,071	\$ -
Interfund - General Capital Fund	C	-	15,935
Interfund - Current Fund	A	-	1,306
Unidentified		103,728	177,755
Total		<u>\$ 114,799</u>	<u>\$ 194,996</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, 2013**

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BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013

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

C. Basis of Accounting

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

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

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

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

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

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

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

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

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013**

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

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

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

No depreciation has been provided for the financial statements.

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

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

Utility Fixed Assets - accounting for utility fund “fixed capital” remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

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

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

Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough’s financial position and operations. However, comparative data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013 through the date of August 25, 2014, which is the date the financial statements were available to be issued.

Note 2. Cash

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2013, and reported at fair value are as follows:

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 2. Cash and Cash Equivalents (continued):

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 28,555,636
Total Deposits	<u>\$ 28,555,636</u>

Reconciliation of Statement of Comparative Assets, Liabilities, Reserves and Fund Balance:

Current Fund	\$ 21,974,198
State & Federal Grant Fund	1,896
Animal Control Trust	1,002
Open Space Trust	241,546
Trust - Other	1,615,783
General Capital Fund	2,168,545
Utility Operating Fund	1,022,314
Utility Capital Fund	1,415,553
Payroll	<u>114,799</u>
Total	<u>\$ 28,555,636</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2013, the Township’s bank balance of \$27,667,833 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and uncollateralized	1,355,258
Collateralized in the Authority's Name Under GUDPA (See Note 4)	<u>26,062,575</u>
Total	<u>\$ 27,667,833</u>

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, 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, 2013**

Note 3. Investments (continued):

- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2013, the Authority had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Total Reported Value</u>
LOSAP	\$ 848,243	848,243	<u>\$ 848,243</u>
Total			<u><u>\$ 848,243</u></u>

Note 4: Property Taxes

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

Comparison of Tax Rate Information

	2013	2012	2011
Total Tax Rate	<u>\$1.801</u>	<u>\$1.757</u>	<u>\$1.705</u>
Apportionment of Tax Rate:			
Municipal	0.418	0.405	0.382
Municipal Open Space	0.002	0.001	0.002
County	0.397	0.391	0.381
Local School	0.984	0.960	0.940

Net Valuation Taxable:

2013	<u>\$ 3,214,974,138</u>		
2012		<u>\$ 3,250,129,138</u>	
2011			<u><u>\$ 3,259,252,110</u></u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 4: Property Taxes (continued):

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2013	\$ 57,972,061	\$ 55,828,445	96.30%
2012	57,901,688	55,828,445	96.42%
2011	55,635,545	53,822,115	96.74%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2013	\$ 19,260	\$ 1,892,345	\$ 1,911,605	3.30%
2012	17,633	1,459,464	1,477,097	2.55%
2011	14,685	1,551,547	1,566,232	2.82%

Note 5. Interfund Balances

Balances due to/from other funds at December 31, 2013 consist of the following:

	<u>Due From</u>	<u>Due To</u>
Current Fund	\$ 29,269	\$ 47,154
Grant Fund		29,269
Trust Other	47,154	
	<u>\$ 76,423</u>	<u>\$ 76,423</u>

The purpose of these interfunds is short-term borrowings.

Note 6. Debt

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Debt (continued):

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

A. Long-Term Debt

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

General Capital Fund

Bonds Payable:

In September 1998, the Borough issued \$5,900,000 general obligation bonds for general improvements. The annual maturities are \$470,000 through 2014, interest ranging from 4.400% to 4.500%	\$ 470,000
In December 2003, the Borough issued \$9,270,000 general obligation bonds for general improvements. The annual maturities range from \$850,000 to \$1,200,000 through 2015, interest rates ranging from 3.500% to 3.750%	2,040,000
In July 2010, the Borough issued \$14,890,000 general obligation bonds for general improvements. The annual maturities range from \$765,000 to \$1,480,000 through 2024, interest rates ranging from 2.000% to 4.000%	<u>12,595,000</u>
Total	<u>\$15,105,000</u>

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%	\$ 60,175
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%	123,312

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Debt (continued):

A. Long-Term Debt (continued)

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%

100,843

Total

\$ 284,330

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%

\$ 340,000

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%

310,000

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%

4,400,000

Total

\$ 5,050,000

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Debt (continued):

A. Long-Term Debt (continued)

Aggregate debt service requirements during the next five fiscal years and thereafter for the General Capital Fund are as follows:

Calendar Year	General Capital Debt				
	Bonded Debt		Greent Trust Loan		Total
	Principal	Interest	Principal	Interest	
2014	\$ 2,310,000	\$ 494,988	\$ 29,709	\$ 5,539	\$ 2,840,236
2015	1,870,000	420,462	30,306	4,942	2,325,710
2016	900,000	365,213	30,915	4,333	1,300,461
2017	960,000	338,213	31,537	3,711	1,333,461
2018	1,025,000	309,413	32,170	3,077	1,369,660
2019-2023	6,560,000	987,900	84,007	7,568	7,639,475
2024-2028	1,480,000	59,200	31,978	3,156	1,574,334
2029-2030	-	-	13,708	344	14,052
	<u>\$ 15,105,000</u>	<u>\$ 2,975,389</u>	<u>\$ 284,330</u>	<u>\$ 32,670</u>	<u>\$ 18,397,389</u>

Aggregate debt service requirements during the next five fiscal years and thereafter for the Utility Capital Fund are as follows:

Calendar Year	Utility Capital Debt		
	Principal	Interest	Total
2014	\$ 685,000	\$ 179,300	\$ 864,300
2015	380,000	156,313	536,313
2016	215,000	144,463	359,463
2017	220,000	138,013	358,013
2018	230,000	131,413	361,413
2019-2023	1,275,000	540,063	1,815,063
2024-2028	1,665,000	283,800	1,948,800
2029	380,000	15,200	395,200
	<u>\$ 5,050,000</u>	<u>\$ 1,588,565</u>	<u>\$ 6,638,565</u>

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Debt (continued):

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 0.818%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 7,350,000	\$ 7,350,000	\$ -
Water & Sewer Utility	10,267,895	5,485,557	4,782,338
General Debt	22,678,524	-	22,678,524
	<hr/>		
Total	\$ 40,296,419	\$ 12,835,557	\$ 27,460,862

Net Debt, \$27,460,862 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$3,354,835,790 equals 0.818%.

B. Short-Term Debt

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.

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, 2013, the Borough had \$770,883 outstanding in Current Fund special emergency notes. The notes were issued on December 21, 2013 and mature on December 20, 2014 at an interest rate of 1.25%.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 6. Debt (continued):

Changes in Special Emergency Notes for the Current Fund for the year ended December 31, 2013 are summarized as follows:

Purpose	Balance Dec 31, 2012	Additions	Deductions	Balance Dec 31, 2013
Severence Liabilities	\$ 398,494	\$ -	\$ 99,623	\$ 298,871
Superstorm Sandy	1,033,750	-	561,738	472,012
Total	\$ 1,432,244	\$ -	\$ 661,361	\$ 770,883

C. Bonds and Notes Authorized But Not Issued

On December 31, 2013, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$2,609,194
Water/Sewer Capital	3,857,895

Note 7. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation, as calculated by the Borough, would approximate \$1,673,555 at December 31, 2013 in accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying statements.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 8. Fund Balances Appropriated

The municipal budget for 2014 has been introduced and, therefore, the fund balances at December 31, 2013, which are appropriated and included as anticipated revenues in the year ending December 31, 2014 are as follows:

Current Fund	\$100,000
Water-Sewer Utility Operating Fund	- 0 -

Note 9. Taxes Collected in Advance

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

Balance December 31,	2013	2012
Prepaid Taxes	<u>\$524,541</u>	<u>\$501,576</u>

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.

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance Dec 31, 2013	2014 Budget Appropriation
	<u> </u>	<u> </u>
Current Fund:		
Community Disaster Loan Program	\$ 1,910,000	\$ -
Special Emergency Authorizations	\$ 770,883	\$ 306,374
Utility Operating Fund:		
Community Disaster Loan Program	\$ 351,463	\$ -

Note 12. Pension

A. Plan Description

The Borough of Point Pleasant contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of *N.J.S.A.43:16A*, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625, or calling (609) 984-1684.

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 12. Pension (continued):

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 8C below.

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 ½ 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

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 12. Pension (continued):

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.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and the Borough of Point Pleasant is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan’s board of trustees. The Borough’s contributions to P.E.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$247,060, \$286,600, and \$426,795, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2013, 2012 and 2011 were \$787,458, \$800,653 and \$977,007, respectively, equal to the required contributions for each year.

Note 13. Risk Management

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

BOROUGH OF POINT PLEASANT

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 14. Deferred Compensation

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, retirement, death, or unforeseeable emergency.

All compensation deferred under the program and all income attributable to these amounts are (until paid or made available to the employee or other beneficiary) solely the property and right of the Borough. The program balances are recorded in the Trust Fund of the Borough.

Note 15. School Taxes

Local District School taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes.

At year end taxes due consisted of the following:

	Local District School Tax	
	Balance December 31, 2013	Balance December 31, 2012
Tax Payable	\$ 8,773,471	\$ 8,559,894
Deferred	<u>7,048,707</u>	<u>7,048,707</u>
Total Unpaid School Taxes	<u>\$15,822,178</u>	<u>\$15,608,601</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, 2013, the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 16. Contingent Liabilities (continued):

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.

Note 17. Length of Service Award Program ("LOSAP") (unaudited):

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions – The annual contribution to be made by the Borough for each active volunteer member was \$1,516 per year of active emergency service.

Appropriations – Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget.

Periodic Increases – Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "Consumer Price Index Factor" pursuant to subsection f. of section 3 of P.L. 1997, c.388 (*N.J.S.A.40A:14-185*).

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

Determination as to Eligibility – Each emergency service organization shall provide to the Borough Administrator, acting as the Plan Administrator of the LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provisions of *N.J.A.C.5:30-14.10*. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator,

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

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

participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

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

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

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

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

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2013

Note 18. Other Post Employment Benefits (continued):

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.

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

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Borough on a monthly basis.

Note 19. Super Storm Sandy and the Community Disaster Loan

On October 29th of 2012, Super Storm Sandy made landfall on the New Jersey coast and caused significant damage to coastal towns including Point Pleasant Borough. The extensive damage caused the Township to issue a Special Emergency in their 2012 budget in the amount of \$1,033,750 in order to pay for all storm related costs.

During 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$3,295,213 in relation to Hurricane Sandy losses and expenditures. The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF CURRENT CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$ 11,837,017
Increased by Receipts:		
Miscellaneous Reserves	\$ 799,948	
Taxes Receivable	56,604,938	
Interfunds Receivable	50,284	
Prepaid Taxes	524,541	
Revenue Accounts Receivable	4,033,184	
Due From State of New Jersey - Senior Citizen & Veteran Deductions	214,950	
Tax Anticipation Note Payable	10,000,000	
Nonbudget Revenue	227,972	
Special Emergency Note	354,988	
Subtotal		<u>72,810,805</u>
Total		<u>84,647,822</u>
Decreased by Disbursements:		
2013 Appropriations	16,081,879	
2012 Reserved Appropriations	420,115	
Special Emergency Note Payable	306,373	
County Taxes	12,750,895	
Local District School Tax	31,430,778	
Miscellaneous Reserves	587,097	
Interfunds Payable	238,292	
Accounts Payable	37,655	
Encumbrances Payable	820,540	
Total Disbursements		<u>62,673,624</u>
Balance December 31, 2013		<u><u>\$ 21,974,198</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2013**

YEAR	BALANCE DECEMBER 31, 2012	2013 LEVY	ADDED TAXES	COLLECTED		DUE FROM STATE OF NEW JERSEY	CANCELLED	TRANSFER TO TAX TITLE LIEN	BALANCE DECEMBER 31, 2013
				2012	2013				
2011	\$ 4,524	\$ -	\$ -	\$ 282	\$ -	\$ -	\$ 30,064	\$ -	\$ 4,242
2012	1,454,940	-	-	1,374,600	(10,319)	-	30,064	825	59,770
Total	1,459,464	-	-	1,374,882	(10,319)	-	30,064	825	64,012
2013	-	57,901,688	70,373	501,576	251,418	314,481	802	1,828,333	
Total	\$ 1,459,464	\$ 57,901,688	\$ 70,373	\$ 501,576	\$ 241,099	\$ 344,545	\$ 1,627	\$ 1,892,345	

Cash Receipts	\$ 56,604,938
Overpayments	(154,605)
Total	<u>\$ 56,450,333</u>

ANALYSIS OF 2013 PROPERTY TAX LEVY

General Purpose Tax	\$ 57,901,688	
Added & Omitted Taxes (54:4-6 et seq)	<u>70,373</u>	\$ 31,644,355
Total	<u>\$ 57,972,061</u>	
TAX LEVY:		
Local District School Tax		\$ 10,663,645
General County Tax		1,223,875
County Library Tax		392,826
County Open Space		442,682
County Health Tax		15,515
Due County for Added & Omitted Taxes		12,738,543
Local Tax for Municipal Purposes		13,442,894
Municipal Open Space		65,080
Add: Additional Taxes Levied		81,189
Total		<u>\$ 57,972,061</u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	17,633
Increased by:		
Transfers from Taxes Receivable		1,627
Balance December 31, 2013	\$	19,260

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	ACCRUED IN 2013	REALIZED	BALANCE DECEMBER 31, 2013
Miscellaneous Revenue Anticipated:				
Licenses:				
Alcoholic Beverages		\$ 13,512	\$ 13,512	
Construction Code Fees		428,802	428,802	
Fees and Permits - Other		39,153	39,153	
Municipal Court	\$ 7,875	139,509	134,465	\$ 12,919
Interest on Investments & Deposits		8,624	8,624	
Interest on Costs on Taxes		271,052	271,052	
Energy Receipts Tax		1,196,320	1,196,320	
Consolidated Municipal Property Tax Relief Aid		31,256	31,256	
Community Disaster Loan Program		1,910,000	1,910,000	
Total	\$ 7,875	\$ 4,038,228	\$ 4,033,184	\$ 12,919
Cash Receipts			\$ 4,033,184	
Total			\$ 4,033,184	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS WITHIN "CAPS":	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
General Government Functions:					
General Administration:	\$ -	\$ 276	\$ 276	\$ 276	-
Salaries and Wages					
Other Expenses	1,292	56,030	57,322	33,818	23,504
Mayor and Council:					
Salaries and Wages	-	1,486	1,486	-	1,486
Municipal Clerk:					
Salaries and Wages	-	9,492	9,492	3,096	6,396
Other Expenses	550	2,573	3,123	1,645	1,478
Financial Administration (Treasury):					
Salaries and Wages	-	1,854	1,854	946	908
Other Expenses	400	1,410	1,810	400	1,410
Audit Services:					
Annual Audit	-	2,041	2,041	875	1,166
Revenue Administration (Tax Collector):					
Salaries and Wages	-	613	613	613	-
Other Expenses	-	3,844	3,844	544	3,300
Tax Assessor:					
Salaries and Wages	-	4,217	4,217	2,467	1,750
Other Expenses	2,171	4,923	7,094	171	6,923
Legal Services:					
Other Expenses	-	10,969	10,969	10,969	-
Engineering Services & Costs:					
Other Expenses	-	8,594	8,594	4,503	4,091
Land Use Administration:					
Planning Board:					
Salaries and Wages	-	5	5	5	5
Other Expenses	-	12,486	10,786	6,085	4,701
Zoning Board of Adjustment:					
Salaries and Wages	-	5	5	5	5
Other Expenses	1,457	2,112	3,569	590	2,979
Zoning Officer:					
Salaries and Wages	-	149	149	149	-
Other Expenses	93	184	277	-	277
Insurance:					
General Liability	-	3,236	3,236	-	3,236
Employee Group Health	8,558	73,879	82,437	10,392	72,045
Workers' Compensation Insurance	-	9,821	9,821	-	9,821
Unemployment Insurance	-	2,934	2,934	414	2,520

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF 2012 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

OPERATIONS WITHIN "CAPS":	ENCUMBRANCES	RESERVE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Public Safety Functions:					
Police:					
Salaries and Wages	-	47,801	47,801	44,698	3,103
Other Expenses	30,309	2,961	33,270	31,707	1,563
Office of Emergency Management					
Salaries and Wages	-	750	750	-	750
Public Works Functions:					
Road Repairs & Maintenance:					
Salaries and Wages	-	226,173	226,173	41,451	184,722
Other Expenses	5,059	89,022	94,081	45,048	49,033
Other Public Works Functions					
Recycling:					
Salaries and Wages	-	3,604	3,604	-	3,604
Other Expenses	20,306	22,444	42,750	40,466	2,284
Solid Waste Collection:					
Contractual	602,967	-	472,967	472,967	-
Building & Grounds:					
Other Expenses	1,710	10,259	11,969	5,124	6,845
Community Services Act	-	16,334	16,334	16,334	-
Health & Human Services:					
Board of Health:					
Salaries and Wages	-	550	550	-	550
Other Expenses	1,128	242	3,070	3,028	42
Environmental Commission:					
Other Expenses	363	452	815	313	502
Animal Control Program:					
Other Expenses	719	8,804	9,523	481	9,042
Park & Recreation Functions:					
Recreation Services & Programs:					
Salaries and Wages	-	248	248	248	-
Other Expenses	25	3,378	3,403	458	2,945
Utility Expense & Bulk Purchases:					
Electricity	-	38,160	38,160	6,873	31,287
Street Lighting	-	73,146	13,146	261	12,885
Telephone	-	12,276	12,276	2,305	9,971
Gasoline	18,000	33,496	51,496	20,656	30,840
Gas	-	3,928	3,928	3,337	591

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012:			
School Tax Payable	\$	8,559,894	
School Tax Deferred		<u>7,048,707</u>	\$ 15,608,601
Increased by:			
Calendar Year Levy - 2013			<u>31,644,355</u>
Subtotal			47,252,956
Decreased by:			
Cash Disbursements			<u>31,430,778</u>
Balance December 31, 2013:			
School Tax Payable		8,773,471	
School Tax Deferred		<u>7,048,707</u>	
Total			<u><u>\$ 15,822,178</u></u>

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	27,867
Increased by:			
County Tax	\$	10,663,645	
County Library Tax		1,223,875	
County Open Space		392,826	
County Health Tax		442,682	
Added & Omitted Taxes		15,515	12,738,543
			<hr/>
Subtotal			12,766,410
Decreased by:			
Disbursements			12,750,895
			<hr/>
Balance December 31, 2013		\$	<u>15,515</u>

**SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	INCREASES	DECREASES	BALANCE DECEMBER 31, 2013
Reserve for Recreation Improvements	\$ 68,851	\$ -	\$ 68,851	\$ -
Reserve for Superstorm Sandy	-	768,488	561,738	206,750
Reserve for Sale of Municipal Assets	-	6,001	-	6,001
Due State of New Jersey:				
Marriage License Fees	780	2,750	2,650	880
DCA Training Fees	-	22,709	22,709	-
				<hr/>
Total	<u>\$ 69,631</u>	<u>\$ 799,948</u>	<u>\$ 655,948</u>	<u>\$ 213,631</u>
Cash Expended			\$ 587,097	
Close to Fund Balance			68,851	
			<hr/>	
Total			<u>\$ 655,948</u>	

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF INTERFUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	TOTAL	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, 2012 Due From/(Due To)	\$ 80,758	\$ 161,704	\$ (17,252)	\$ -	\$ 1,306	\$ -	\$ (65,000)	\$ -
Increased by:								
Interfunds Created	1,069,721	478,780	48,007	100,000	302,772	302,772	130,080	10,082
Total Increases	1,069,721	478,780	48,007	100,000	302,772	302,772	130,080	10,082
Subtotal	1,150,479	640,484	30,755	100,000	1,306	302,772	65,080	10,082
Decreased by:								
Interfunds Liquidated	1,168,364	611,215	77,909	100,000	1,306	302,772	65,080	10,082
Total Decreases	1,168,364	611,215	77,909	100,000	1,306	302,772	65,080	10,082
Balance December 31, 2013 Due From/(Due To)	\$ (17,885)	\$ 29,269	\$ (47,154)	\$ -	\$ -	\$ -	\$ -	\$ -

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SPECIAL EMERGENCY NOTE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	FEMA REIMBURSEMENT	DECREASE	BALANCE DECEMBER 31, 2013
Severance Liabilities Special Emergency Note	12/21/12	12/20/13	1.25%	\$ 398,494	-	\$ 99,623	\$ 298,871
Superstorm Sandy Special Emergency Note	12/21/12	12/20/13	1.25%	1,033,750	354,988	206,750	472,012
				\$ 1,432,244	\$ 354,988	\$ 306,373	\$ 770,883

**SCHEDULE OF DEFERRED CHARGES - N.J.S. 40A: 4-55 SPECIAL EMERGENCY
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE AUTHORIZED	AMOUNT AUTHORIZED	1/5 OF NET AMOUNT AUTHORIZED	BALANCE DECEMBER 31, 2012	FEMA REIMBURSEMENT	DECREASE	BALANCE DECEMBER 31, 2013
Revaluation	2008	\$ 468,900	\$ 93,780	\$ 179	-	\$ 179	\$ -
Severance Liabilities	10/17/11	498,119	99,624	398,495	-	99,624	298,871
Superstorm Sandy	11/20/12	1,033,750	206,750	1,033,750	354,988	206,750	472,012
				\$ 1,432,424	\$ 354,988	\$ 306,553	\$ 770,883

**BOROUGH OF POINT PLEASANT
CURRENT FUND
SCHEDULE OF GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	2013 ANTICIPATED REVENUE	RECEIVED	TRANSFER FROM UNAPPROPRIATED	CANCEL	BALANCE DECEMBER 31, 2013
\$	20,724	\$ 14,834	\$ 11,050	\$ -	\$ -	\$ 24,508
	-	37,306	-	37,306	-	-
	782	-	-	-	-	782
	241,250	-	150,506	-	-	90,744
		350,000	262,500	-	-	87,500
	42,000	-	42,000	-	-	-
	46,000	-	35,449	-	-	10,551
	-	44,558	-	44,558	-	-
	-	3,187	-	3,187	-	-
	-	28,271	28,271	-	-	-
	-	2,000	-	-	-	2,000
	-	3,127	-	3,127	-	-
	6,000	-	-	-	-	6,000
	613	-	613	-	-	-
\$	357,369	\$ 483,283	\$ 530,389	\$ 88,178	\$ -	\$ 222,085

State Grants:
Municipal Alliance on Alcoholism
and Drug Abuse
Clean Communities Program
NJ Transportation Trust Fund Authority Act:
West End Drive - 2008 Municipal Aid
Riverwood Avenue
Edger Road - 2012 Municipal Aid
Community Development Block Grant:
CT - 939-11
CT - 884-09
Recycling Tonnage Grant
Alcohol Education & Rehabilitation
Drunk Driving Enforcement Fund
Cops in Shops
Body Armor Replacement Grant
Smart Future Growth Grant
Pedestrian Safety Education and Enforcement

Total Grant Funds

Original Budget	\$ 455,012
Chapter 159	28,271
Total	\$ 483,283

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	TRANSFER FROM 2013 BUDGET	EXPENDED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2013
Clean Communities Program	\$ 9,805	\$ 37,306	\$ 32,982	\$ 12,773	\$ 1,356
Alcohol Education Rehabilitation Fund	5,186	3,187	900	216	7,257
Pedestrian Safety Education and Enforcement	6,131	-	1,965	-	4,166
Body Armor Replacement Grant	14,237	3,127	-	-	17,364
Municipal Alliance on Alcoholism & Drug Abuse	1,981	14,834	7,344	2,077	7,394
Municipal Alliance - Local Match	3,270	3,709	6,979	-	-
NJ Transportation Trust Fund Authority Act:					
Riverwood Avenue	22,013	-	-	-	22,013
Edger Road	-	350,000	350,000	-	-
Community Development Block Grant:					
CT - 884-09	43,478	-	8,991	3,568	30,919
Recycling Tonnage Grant	16,875	44,558	50,591	10,842	-
Cops in Shops	2,000	2,000	2,031	-	1,969
Drive Sober	625	-	-	-	625
Drunk Driving Enforcement Fund	679	28,271	4,672	-	24,278
Total	\$ 126,280	\$ 486,992	\$ 466,455	\$ 29,476	\$ 117,341
Original Budget	\$ 458,721				
Appropriated by N.J.S.40A:4-87	28,271				
Total	\$ 486,992				

**BOROUGH OF POINT PLEASANT
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF RESERVES FOR GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	RECEIVED 2013	UTILIZED AS REVENUE	BALANCE DECEMBER 31, 2013
Alcohol Education and Rehabilitation Fund	\$ 3,187	\$ 950	\$ 3,187	\$ 950
Recycling Tonage Grant	44,558	34,244	44,558	34,244
Pedestrian Safety Grant	-	4,629	-	4,629
Body Armor Grant	3,127	3,697	3,127	3,697
Over the Limit Grant	4,375	-	-	4,375
Clean Community Grant	-	37,306	37,306	-
Total	<u>\$ 55,247</u>	<u>\$ 80,826</u>	<u>\$ 88,178</u>	<u>\$ 47,895</u>

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TRUST FUND

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**BOROUGH OF POINT PLEASANT
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

	OTHER	OPEN SPACE	DOG LICENSE
Balance December 31, 2012	\$ 870,664	\$ 160,253	\$ 2,318
Increased by Receipts:			
Various Reserves	\$ 2,687,640	\$ -	-
Interfunds	11,346	130,080	-
Interest Earnings	-	105	-
State Registration Fees	-	-	2,216
License Fees & Others	-	-	13,946
Total Increases	<u>2,698,986</u>	<u>130,185</u>	<u>16,162</u>
Total Increases & Balances	<u>3,569,650</u>	<u>290,438</u>	<u>18,480</u>
Decreased by Disbursements:			
Various Reserves	1,953,867	-	-
Interfunds	-	-	-
Reserve for Municipal Open Space	-	48,892	-
State Registration Fees	-	-	2,215
Expenditures Under R.S.4:19-15.11	-	-	15,263
Total Disbursements	<u>1,953,867</u>	<u>48,892</u>	<u>17,478</u>
Balance December 31, 2013	<u><u>\$ 1,615,783</u></u>	<u><u>\$ 241,546</u></u>	<u><u>\$ 1,002</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - ANIMAL CONTROL FUND
SCHEDULE OF DUE/(FROM) STATE FOR DOG REGISTRATION FEES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ -
Increased by:	
State Registration Fees	<u>2,216</u>
Subtotal	2,216
Decreased by:	
Disbursements	<u>2,215</u>
Balance December 31, 2013	<u><u>\$ 1</u></u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 2,343
Increased by:	
Dog License Fees Collected	<u>13,946</u>
Subtotal	16,289
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>15,263</u>
Balance December 31, 2013	<u><u>\$ 1,026</u></u>

LICENSE FEES COLLECTED

YEAR	AMOUNT
2011	\$ 10,472
2012	<u>12,027</u>
Total	<u><u>\$ 22,499</u></u>

**BOROUGH OF POINT PLEASANT
OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	225,253
Increased by:		
Open Space Tax Levied	\$	65,080
Interest Earnings		105
		<u>65,185</u>
Subtotal		290,438
Decreased by:		
Open Space Expenditures		<u>48,892</u>
Balance December 31, 2013	\$	<u><u>241,546</u></u>

**SCHEDULE OF INTERFUND RECEIVABLE - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	65,000
Increased by:		
Open Space Tax Levy		<u>65,080</u>
Subtotal		130,080
Decreased by:		
Cash Receipts		<u>130,080</u>
Balance December 31, 2013	\$	<u><u>-</u></u>

**BOROUGH OF POINT PLEASANT
TRUST FUND - OTHER
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012	CASH RECEIPTS	CASH DISBURSEMENTS	ADJUSTMENTS	BALANCE DECEMBER 31, 2013
Reserve For:					
Law Enforcement	\$ 5,428	\$ 9,580	\$ 4,040	\$ -	\$ 10,968
Affordable Housing	63,498	39	-	-	63,537
Public Defender	10,859	7,756	1,070	-	17,545
Recreation	146,891	373,324	406,827	(321)	113,067
Municipal Alliance Donation	1,051	-	-	(1,051)	-
POAA Funds	294	36	-	-	330
Safety Awards	457	-	-	(411)	46
Environmental Commission	3,662	4,210	6,278	-	1,594
Miscellaneous Trust	4,010	-	-	(4,010)	-
Demolition Permits	12,000	51,000	36,000	(2,000)	25,000
Escrow Zoning Board	19,261	23,496	23,131	(2,819)	16,807
Planning Board	54,549	22,804	19,107	(9,436)	48,810
Grading & Drainage	2,400	-	-	(2,400)	-
Recycling	22,648	33,012	28,434	-	27,226
Police Outside Services	52,182	184,079	136,797	-	99,464
Lien & Premium Account	233,438	1,815,505	1,207,675	23,287	864,555
Forfeited Funds	3,168	-	-	-	3,168
Unemployment Trust	-	67,504	48,107	-	19,397
Engineering Escrow	-	11,297	8,710	28,787	31,374
Police - Dare, Explorer, Summer	-	2,158	4,716	11,619	9,061
Grading Escrow	-	1,500	990	-	510
Individual Escrow	249,799	80,340	21,985	3	308,157
Total	<u>\$ 885,595</u>	<u>\$ 2,687,640</u>	<u>\$ 1,953,867</u>	<u>\$ 41,248</u>	<u>\$ 1,660,616</u>

BOROUGH OF POINT PLEASANT
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - (UNAUDITED)
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Balance December 31, 2012 & 2013	\$ 757,283
Increased by:	
Township Contributions	<u>90,960</u>
Balance (Deficit) December 31, 2013	<u><u>\$ 848,243</u></u>

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GENERAL CAPITAL FUND

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2011	\$ 14,340
Add:	
Premiums on Bond Anticipation Notes	<u>12,870</u>
Balance December 31, 2013 & 2011	<u><u>\$ 27,210</u></u>

**SCHEDULE OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2011	\$ 1,390,682
Increased by:	
Bond Anticipation Note Premium	\$ 12,870
Bond Anticipation Note	4,680,000
Green Acres Receipt	18,605
Due From Current Fund	15,934
Capital Improvement Fund	<u>100,000</u>
Subtotal	6,218,091
Decreased by:	
Improvement Authorizations	<u>4,049,546</u>
Balance December 31, 2013	<u><u>\$ 2,168,545</u></u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Fund Balance	\$ 27,210
Capital Improvement Fund	63,280
Reserve for Bay Point Harbor	10,000
Reserve for Payment of Debt	18,604
Reserve for Police Department	25,000
Reserve for Encumbrances	963,678

Improvement Authorizations:

ORDINANCE NUMBER	DESCRIPTION	
98-08	Improvements to Borough Property	10,000
99-16, 01-25	Various General Improvements	48,398
99-29	Various General Improvements	1,254
00-07	Various General Improvements	11,263
00-25	Various General Improvements	4,818
01-12	Various General Improvements	67,234
02-18	Various Capital Improvements	68,624
03-17/05-23	General Improvements	129,233
03-23	Improvements to Borough Hall	20,293
04-15	Various Capital Improvements	4,190
05-21	Various Capital Improvements	25,883
06-19	Various Capital Improvements	2,391
07-11	Various Capital Improvements	431,690
07-18	Construction & Improvement of Riverfront Park	208,281
08-10, 09-03, 10-05	Various Capital Improvements	343,822
09-18	Various Capital Improvements	75,058
09-20	Various Capital Improvements	3,992
10-07	Various Capital Improvements	189,718
10-18	Surveillance Equipment at Parks	8,496
11-20	Various Capital Improvements	128,305
12-15	Various Capital Improvements	396,977
13-13	Various Capital Improvements	(1,167,191)
13-19	Various Capital Improvements	48,044
	Total	<u>\$ 2,168,545</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	17,698,454
Decreased by:			
Budget Appropriation:			
Serial Bonds Payable	\$	2,280,000	
Green Acres Loan Payable		29,124	2,309,124
			<hr/>
Balance December 31, 2013		\$	<u>15,389,330</u>

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE	2013		BALANCE DECEMBER 31, 2013	ANALYSIS OF BALANCE DECEMBER 31, 2013	
		DECEMBER 31, 2012	AUTHORIZATIONS	FUNDED		EXPENDITURES	UNEXPENDED BALANCE
09-18	Various Capital Improvements	\$ 10,414	\$ -	-	10,414	\$ -	10,414
09-20	Various Capital Improvements	215,650	-	-	215,650	211,658	3,992
10-07	Various Capital Improvements	10,414	-	-	10,414	-	10,414
10-18	Surveillance Equipment at Parks	57,000	-	-	57,000	48,504	8,496
11-20	Various Capital Improvements	1,054,000	-	-	1,054,000	925,695	128,305
12-15	Various Capital Improvements	1,679,146	-	-	1,679,146	1,282,169	396,977
13-13	Various Capital Improvements	-	2,821,500	-	2,821,500	2,820,567	933
13-19	Various Capital Improvements	-	1,441,070	-	1,441,070	-	1,441,070
Total		\$ 3,026,624	\$ 4,262,570	\$ -	7,289,194	\$ 5,288,593	\$ 2,000,601

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 190,626
Increased by:	
Receipts - Current Fund Appropriations	<u>100,000</u>
Subtotal	290,626
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>227,346</u>
Balance December 31, 2013	<u><u>\$ 63,280</u></u>

BOROUGH OF POINT PLEASANT
 GENERAL CAPITAL FUND
 STATEMENT OF BOND ANTICIPATION NOTES
 AT DECEMBER 31, 2013

IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
Various Capital Improvements	9/24/13	9/24/13	9/23/14	1.25%	\$ -	\$ 4,680,000	\$ -	\$ 4,680,000
Total					\$ -	\$ 4,680,000	\$ -	\$ 4,680,000

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2013	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
98-08	Improvements to Borough Property	03/17/1998	\$ 10,000	\$ -	\$ -	-	-	-	-	\$ -	\$ 10,000
99-16/01-25	Various General Improvements	07/06/1999	1,100,539	48,398	-	-	-	-	-	-	48,398
99-29	Various General Improvements	11/23/1999	90,000	1,254	-	-	-	-	-	-	1,254
00-07	Various General Improvements	07/11/2000	1,767,586	11,263	-	-	4,500	4,500	-	-	11,263
00-25	Various General Improvements	12/19/2000	85,000	4,818	-	-	-	-	-	-	4,818
01-12	Various General Improvements	07/10/2001	1,599,824	84,400	-	-	7,493	24,659	-	-	67,234
02-18	Various Capital Improvements	09/17/2002	1,637,194	69,931	-	-	440	1,747	-	-	68,624
03-17/05-23	General Improvements	08/08/2003	1,369,281	134,799	-	-	-	5,566	-	-	129,233
03-23	Improvements to Borough Hall	09/02/2003	245,000	20,293	-	-	-	-	-	-	20,293
04-15	Various Capital Improvements	08/03/2004	2,033,947	4,912	-	-	-	542	180	-	4,190
05-21	Various Capital Improvements	09/06/2003	605,634	45,737	-	-	8,325	13,742	14,437	-	25,883
06-19	Various Capital Improvements	09/19/2006	704,110	14,115	-	-	-	11,724	-	-	2,391
07-11	Various Capital Improvements	08/21/2007	6,163,406	450,054	-	-	1,174	18,364	1,174	-	431,690
07-18	Construction & Improvement of Rivefront Park	12/18/2007	1,168,305	208,304	-	-	-	23	-	-	208,281
08-10, 09-03, 10-05	Various Capital Improvements	08/19/2008	2,314,210	344,341	-	-	-	519	-	-	343,822
09-18	Various Capital Improvements	10/20/2009	680,534	73,157	10,414	-	-	8,513	-	-	64,644
09-20	Various Capital Improvements	10/20/2009	227,000	-	42,875	-	-	11,320	27,563	-	10,414
10-07	Various Capital Improvements	04/06/2010	684,134	220,251	10,414	-	-	39,002	1,945	-	10,414
10-18	Surveillance Equipment at Parks	10/05/2010	60,000	2,147	57,000	-	2,045	776	51,920	-	8,496
11-20	Various Capital Improvements	12/20/2011	1,054,000	-	535,134	-	44,737	339,717	111,849	-	128,305
12-15	Various Capital Improvements	09/04/2012	1,767,523	-	1,406,699	-	313,851	599,765	723,808	-	396,977
13-13	Various Capital Improvements	8/20/2013	2,970,000	-	-	2,970,000	-	2,969,067	-	-	933
13-19	Various Capital Improvements	11/19/2013	1,519,916	-	-	1,519,916	-	-	30,802	-	48,044
Total			\$ 1,748,174	\$ 2,062,536	\$ 4,489,916	\$ 382,565	\$ 4,049,546	\$ 963,678	\$ 1,669,366	\$ 2,000,601	

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
General Improvements	9/15/98	\$ 5,900,000	09/01/14	470,000	4.50%	\$ 940,000	\$ 470,000	\$ 470,000
General Improvements	12/15/2003	9,270,000	12/15/14	1,020,000	3.625%	3,060,000	1,020,000	2,040,000
			12/15/15	1,020,000	3.750%			
General Improvements	7/7/2010	14,890,000	12/15/14	820,000	2.000%	13,385,000	790,000	12,595,000
			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						\$ 17,385,000	\$ 2,280,000	\$ 15,105,000

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013
1989 Program	11/21/2000	\$ 148,836	2/21/2014	4,026	2.00%	\$ 68,108	7,933	\$ 60,175
			8/21/2014	4,066	2.00%			
			2/21/2015	4,107	2.00%			
			8/21/2015	4,148	2.00%			
			2/21/2016	4,189	2.00%			
			8/20/2016	4,231	2.00%			
			2/20/2017	4,274	2.00%			
			8/21/2017	4,316	2.00%			
			2/21/2018	4,359	2.00%			
			8/21/2018	4,403	2.00%			
1992 Program	10/27/2000	305,000	2/21/2019	4,447	2.00%			
			8/21/2019	4,491	2.00%			
			2/21/2020	4,536	2.00%			
			8/20/2020	4,582	2.00%			
			1/27/2014	8,250	2.00%	139,567	16,255	123,312
			7/27/2014	8,332	2.00%			
			1/27/2015	8,416	2.00%			
			7/27/2015	8,500	2.00%			
			1/27/2016	8,585	2.00%			
			7/27/2016	8,671	2.00%			
1/27/2017	8,757	2.00%						
7/27/2017	8,845	2.00%						
1/27/2018	8,933	2.00%						
7/27/2018	9,023	2.00%						
1/27/2019	9,113	2.00%						
7/27/2019	9,204	2.00%						
1/27/2020	9,296	2.00%						
7/27/2020	9,387	2.00%						

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2012	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2013	
2010 Program	11/5/2010	113,000	2/5/2014	2,505	2.00%	105,779	4,936	100,843	
			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								\$ 313,454	\$ 284,330

**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	NOTES ISSUED	BALANCE DECEMBER 31, 2013
09-18	Various Capital Improvements	\$ 10,414	\$ -	\$ 10,414	\$ -
09-20	Various Capital Improvements	215,650	-	215,650	-
10-07	Various Capital Improvements	10,414	-	10,414	-
10-18	Surveillance Equipment at Parks	57,000	-	57,000	-
11-20	Various Capital Improvements	1,054,000	-	1,054,000	-
12-15	Various Capital Improvements	1,679,146	-	1,679,146	-
13-13	Various Capital Improvements	-	2,821,500	1,653,376	1,168,124
13-19	Various Capital Improvements	-	1,441,070	-	1,441,070
	Total	<u>\$ 3,026,624</u>	<u>\$ 4,262,570</u>	<u>\$ 4,680,000</u>	<u>\$ 2,609,194</u>

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WATER-SEWER UTILITY FUND

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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
SCHEDULE OF UTILITY CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance December 31, 2012	\$ 463,878	\$ 418,184
Increased by Receipts:		
Miscellaneous Revenues	\$ 81,726	
Consumer Rents	6,080,115	
Interest on Delinquent Accounts	42,954	
Community Disaster Loan Program	351,463	
Bond Anticipation Note Received		1,360,000
Bond Anticipation Note Premium		3,742
Due Utility Operating		60,000
Subtotal	<u>6,556,258</u>	<u>1,423,742</u>
Total	<u>7,020,136</u>	<u>1,841,926</u>
Decreased by Disbursements:		
Budget Appropriations	5,791,248	
Appropriation Reserves	68,731	
Encumbrances Payable	77,543	
Due Utility Capital	60,000	
Improvement Authorizations		426,373
Total Disbursements	<u>5,997,522</u>	<u>426,373</u>
Balance December 31, 2013	<u>\$ 1,022,614</u>	<u>\$ 1,415,553</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH - WATER-SEWER UTILITY CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Fund Balance	\$ 4,168
Capital Improvement Fund	110,184
Down Payment on Improvements	13,600
Encumbrances Payable	291,825
Improvement Authorizations:	
01-13 Various Improvements	6,938
02-19 Various Improvements	54,608
03-16 Various Improvements	258,841
04-16 Various Improvements	16,513
05-22 Various Improvements	29,412
06-08 Interconnect	16,095
06-20, 12-02 Various Improvements	390,953
06-26 Improvements to Water Facilities	6,543
07-12 Various Improvements	326,164
08-11 Various Improvements	1,359
09-19 Various Improvements	9,656
10-08 Various Improvements	234,212
10-15, 12-03 Various Improvements	(918,706)
11-21 Various Improvements	388,638
12-05 Various Improvements	32,667
12-16 Various Improvements	83,390
13-20 Various Improvements	<u>58,493</u>
Total	<u><u>\$ 1,415,553</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	1,024,210
Increased by:			
Water-Sewer Levy			6,084,490
Subtotal			7,108,700
Decreased by:			
Cash Collections	\$	6,091,268	
Cancellations		9,748	6,101,016
Balance December 31, 2013			\$ 1,007,684

**SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	BALANCE DECEMBER 31, 2012		BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
	ENCUMBERED	RESERVED			
Salaries and Wages	\$ -	\$ 8,768	\$ 8,768	\$ 3,051	\$ 5,717
Other Expenses	77,543	79,976	157,519	143,223	14,296
Ocean County Utilities Authority	-	243,370	243,370	-	243,370
Payment of Prior Year Expenses	-	139	139	-	139
Public Employees' Retirement System	-	161	161	-	161
Unemployment Compensation	-	11,600	11,600	-	11,600
Total	\$ 77,543	\$ 344,014	\$ 421,557	\$ 146,274	\$ 275,283

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$	80,334
Increased by:		
Budget Appropriations		193,070
Subtotal		273,404
Decreased by:		
Interest Paid		197,000
Balance December 31, 2013	\$	76,404

PRINCIPAL OUTSTANDING DECEMBER 31, 2013 AMOUNT	RATE	FROM	TO	PERIOD	AMOUNT
1998 Serial Bonds \$ 340,000	Various	9/1/13	12/31/13	4 Months	\$ 5,920
2003 Serial Bonds 310,000	Various	12/15/13	12/31/13	1/2 Months	468
2010 Serial Bonds 4,400,000	Various	7/15/13	12/31/13	5 1/2 Months	70,016
				Total	\$ 76,404

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF WATER-SEWER OPERATING INTERFUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	-
Increased by:			
Down Payment on Improvements Budgeted	\$	60,000	
Utility Capital Deferred Charge Budgeted		-	60,000
			<hr/>
Subtotal			60,000
Decreased by:			
Interfunds Liquidated			<hr/>
			60,000
Balance December 31, 2013		<hr/> <hr/>	-

**SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012		\$	108,677
Increased by:			
Receipts - Utility Fund Appropriation			<hr/>
			60,000
Subtotal			168,677
Decreased by:			
Appropriated to Finance Improvement Authorizations			<hr/>
			58,493
Balance December 31, 2013		<hr/> <hr/>	\$ 110,184

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	IMPROVEMENTS AUTHORIZED	BALANCE DECEMBER 31, 2013
01-13	Various Improvements	\$ 28,780	\$ -	\$ 28,780
03-16	Various Improvements	621,361	-	621,361
04-16	Various Improvements	278,875	-	278,875
05-22	Various Improvements	1,679,975	-	1,679,975
06-08	Interconnect	85,000	-	85,000
06-20, 12-02	Various Improvements	1,427,447	-	1,427,447
06-26	Improvements to Water Facilities	200,000	-	200,000
07-12	Various Improvements	466,900	-	466,900
08-11	Various Improvements	213,045	-	213,045
09-19	Various Improvements	101,700	-	101,700
10-08	Various Improvements	283,700	-	283,700
10-15, 12-03	Various Improvements	1,020,505	-	1,020,505
11-21	Purchase of Various Equipment & Various Improvements	473,400	-	473,400
12-04	Drainage Improvements at Powhatan Ave	89,750	-	89,750
12-05	Replacement of Pumping Stations	2,027,500	-	2,027,500
12-16	Various Improvements	243,600	-	243,600
13-20	Various Improvements	-	1,111,357	1,111,357
	Total	<u>\$ 9,241,538</u>	<u>\$ 1,111,357</u>	<u>\$ 10,352,895</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	BALANCE DECEMBER 31, 2013 & 2012
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	<u>2,782,705</u>
Total	<u><u>\$ 30,197,184</u></u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012 & 2013	\$ <u>406,599</u>
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**SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 29,215,585
Increased by:	
Serial Bonds Paid by Budget	<u>660,000</u>
Balance December 31, 2013	<u>\$ 29,875,585</u>

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	AUTHORIZED AMOUNT	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	PRIOR YEAR ENCUMBRANCES RECLASSIFIED	EXPENDED	RESERVE FOR ENCUMBRANCES	BALANCE DECEMBER 31, 2013	
				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	258,841	-	11,565	-	11,565	-	258,841	-
04-16	Various Improvements	08/03/04	278,875	16,513	-	15,475	-	15,475	-	16,513	-
05-22	Various Improvements	09/06/05	1,679,975	11,567	17,845	-	-	-	-	11,567	17,845
06-08	Interconnect	05/16/06	85,000	16,095	-	-	-	-	-	16,095	-
06-20, 12-02	Various Improvements	03/20/12	1,427,447	9,324	426,405	96,576	-	86,145	-	390,953	-
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	-	-	-	1,844	-	326,164	-
07-13	Various Improvements	08/29/07	360,000	-	-	20,641	-	-	-	-	-
08-11	Various Improvements	08/19/08	213,045	1,359	-	-	-	-	-	1,359	-
09-19	Various Improvements	10/20/09	101,700	91,656	-	-	76,917	-	5,083	9,656	-
10-08	Various Improvements	08/29/07	283,700	248,830	-	-	14,618	-	-	234,212	-
10-15, 12-03	Various Improvements	03/20/12	1,020,505	-	50,774	-	-	-	3,500	-	50,774
11-21	Purchase of Various Equipment & Various Improvements	10/20/09	473,400	-	399,400	-	39,346	34,731	15,377	388,638	-
12-04	Drainage Improvements at Powhatan Ave	03/20/12	89,750	-	53,174	-	25,602	78,766	10	-	-
12-05	Replacement of Pumping Stations	03/20/12	2,027,500	-	1,838,300	-	109,628	48,328	89,875	-	1,809,725
12-16	Various Improvements	08/21/12	243,600	-	187,353	-	53,227	94,239	62,951	-	83,390
13-20	Various Improvements	11/19/13	1,169,850	-	-	1,169,850	-	-	-	58,493	1,111,357
Total				\$ 1,053,208	\$ 2,973,251	\$ 1,169,850	\$ 375,560	\$ 426,373	\$ 291,825	\$ 1,780,580	\$ 3,073,091

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING				BALANCE DECEMBER 31, 2013	
			DATE	AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2012		
								12/31/2013
Sewer Improvements	9/15/98	\$ 2,225,000	9/1/14	170,000	4.50%	\$ 510,000	\$ 170,000	\$ 340,000
			9/1/15	170,000	4.50%			
Sewer Improvements	12/15/03	2,408,000	12/15/14	310,000	3.625%	600,000	290,000	310,000
Water/Sewer Improvements	07/09/10	4,980,000	07/15/14	205,000	2.000%	4,600,000	200,000	4,400,000
			07/15/15	210,000	2.000%			
			07/14/16	215,000	3.000%			
			07/14/17	220,000	3.000%			
			07/14/18	230,000	3.250%			
			07/14/19	235,000	3.250%			
			07/13/20	250,000	3.250%			
			07/13/21	250,000	3.250%			
			07/13/22	260,000	3.250%			
			07/13/23	280,000	3.500%			
			07/12/24	295,000	4.000%			
			07/12/25	320,000	4.000%			
			07/12/26	320,000	4.000%			
			07/12/27	350,000	4.000%			
		07/11/28	380,000	4.000%				
		07/11/29	380,000	4.000%				
Total						\$ 5,710,000	\$ 660,000	\$ 5,050,000

BOROUGH OF POINT PLEASANT
 WATER-SEWER UTILITY CAPITAL FUND
 STATEMENT OF BOND ANTICIPATION NOTES
 AT DECEMBER 31, 2013

IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2012	INCREASED	DECREASED	BALANCE DECEMBER 31, 2013
Various Capital Improvements	9/24/13	9/24/13	9/23/14	1.25%	\$ -	\$ 1,360,000	\$ -	\$ 1,360,000
Total					\$ -	\$ 1,360,000	\$ -	\$ 1,360,000

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2013**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	BOND ANTICIPATION NOTE ISSUED	BALANCE DECEMBER 31, 2013
05-22	Various Improvements	\$ 17,845	\$ -	\$ 17,845	-
10-15, 12-03	Various Improvements	969,480	-	-	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	-	149,067	1,777,058
12-16	Various Improvements	231,420	-	231,420	-
13-20	Various Improvements	-	1,111,357	-	1,111,357
		<u>\$ 4,106,538</u>	<u>\$ 1,111,357</u>	<u>\$ 1,360,000</u>	<u>\$ 3,857,895</u>

PAYROLL FUND

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**BOROUGH OF POINT PLEASANT
PAYROLL FUND
SCHEDULE OF PAYROLL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ 191,685
Increased by Receipts:	
Payroll	<u>10,234,102</u>
Subtotal	10,425,787
Decreased by Disbursements:	
Disbursements	<u>10,310,988</u>
Balance December 31, 2013	<u><u>\$ 114,799</u></u>

**SCHEDULE OF PAYROLL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2013**

Balance December 31, 2012	\$ -
Increased by:	
Payroll Deductions	<u>10,310,988</u>
Subtotal	10,310,988
Decreased by:	
Disbursements	<u>10,300,261</u>
Balance December 31, 2013	<u><u>\$ 10,727</u></u>

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SINGLE AUDIT SECTION

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INDEPENDENT AUDITORS’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Borough of Point Pleasant’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2013. The Borough of Point Pleasant’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Borough of Point Pleasant’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Borough of Point Pleasant’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Borough of Point Pleasant’s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Borough of Point Pleasant complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Borough of Point Pleasant is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Point Pleasant's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Point Pleasant's internal control over compliance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Comments & Recommendations we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No.'s 2013-01 and 2013-02.

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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Borough of Point Pleasant as of and for the year ended December 31, 2013, and have issued our report thereon dated August 25, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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. The 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

August 25, 2014
Medford, New Jersey

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**BOROUGH OF POINT PLEASANT
SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Contract Number	Grant Period	Grant Award	Expenditures	Cumulative Expenditures
<u>Department of Housing & Urban Development</u>						
Pass Through County of Ocean CDBG-Roadway Improvements	14.218	Not Available	2011	\$ 88,000	\$ 12,559	\$ 57,081
Total Department of Housing & Urban Development				<u>88,000</u>	<u>12,559</u>	<u>57,081</u>
<u>Department of Homeland Security (DHS)</u>						
Federal Emergency Management Agency(FEMA)						
Department of Homeland Security (DHS)						
Public Assistance Grants Superstorm Sandy	97.036	Not Available	OPEN	1,033,750	561,738	1,033,750
Community Disaster Loans	97.030	Not Available	OPEN	<u>2,261,463</u>	<u>2,261,463</u>	<u>2,261,463</u>
Total Department of Homeland Security (DHS)				<u>3,295,213</u>	<u>2,823,201</u>	<u>3,295,213</u>
Total Federal Financial Awards				<u>\$ 3,383,213</u>	<u>\$ 2,835,760</u>	<u>\$ 3,352,294</u>

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POINT PLEASANT BOROUGH
NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

Note 1. General

The accompanying schedule of expenditures of federal financial assistance presents the activity of federal financial assistance of the Borough of Point Pleasant, County of Ocean, State of New Jersey. The Township is defined in Note 1 to the Township's financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal financial assistance are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Relationship to Financial Statements – Statutory Basis

Amounts reported in the accompanying schedules agree with amounts reported in the Township's general-purpose financial statements. Expenditures from awards are reported in the Township's financial statement as follows:

	Federal
State & Federal Grant Fund	\$ 12,559
Water-Sewer Utility Fund	351,463
Current Fund	<u>2,471,738</u>
Total	<u>\$2,835,760</u>

Note 4. Relationship to Federal Financial Report

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial report.

Note 5. Major Programs

The two major programs are identified in the Schedule of Findings and Questioned Costs section.

POINT PLEASANT BOROUGH
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended December 31, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified – Regulatory Basis</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	Yes
2) Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to basic financial Statements noted?	Yes

Federal Awards

Dollar threshold used to distinguish between type A programs:	\$300,000
Auditee qualified as low-risk auditee?	No
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133	No

Federal CFDA Number

Name of Federal Program

97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)
97.030	Community Disaster Loans

POINT PLEASANT BOROUGH
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2013

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2013-01:

Criteria or Specific Requirement:

Monthly activity and ending balances in the tax and water-sewer billing and collection system should be reconciled and posted to the general ledger accurately.

Condition:

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 accurately.

Context:

The monthly activity and ending balances in the tax and water-sewer billing and collection system have not been reconciled and posted accurately in the general ledger of the borough.

Effect:

The general ledger maintained by the chief financial officer is not reconciled with the activity and ending balances in the tax and water-sewer billing and collection system.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action:

The responsible officials will address the matter as part of their corrective action plan.

POINT PLEASANT BOROUGH
SCHEDULE OF FINDINGS & QUESTIONED COSTS (continued):
For the Fiscal Year Ended December 31, 2013

Section II – Financial Statement Findings (continued)

Finding 2013-02:

Criteria or Specific Requirement:

Third party premium and lien accounts should be recorded properly in the general ledger accounting system.

Condition:

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.

Context:

Monthly bank reconciliations for third party premium and lien accounts are not being performed on timely basis and activity was not being properly posted in the general ledger.

Effect:

The third party premium and lien accounts of the borough are not being reconciled in a timely manner or maintained in the general ledger.

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.

Views of Responsible Officials and Planned Corrective Action:

The responsible officials will address the matter as part of their corrective action plan.

**POINT PLEASANT BOROUGH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended December 31, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

Section III – Federal Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2013:

NAME	POSITION	AMOUNT OF BOND
William G. Schroeder	Mayor	
Robert Sabosik	Council President	
Antoinette DePaola	Councilmember	
Christian Leitner	Councilmember	
Christian Gross	Councilmember	
John Wisniewski	Councilmember	
William Borrowsky	Councilmember	
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

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

PART II

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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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, 2013.

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.

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

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

Improvements to Edgar Rd., Roberts Place & Patterson Rd., Fire Rescue Truck, Police Department Uniforms, Flow Control Valves, Animal Control Services, Banking Services and Replacement of Filter Media at Treatment Plant.

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$3,900 as of January 1, 2011 and thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes, Water & Sewer Utility Rents and Assessments

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

The governing body on January 6, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 2013 and was complete.

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
2013	6
2012	6
2011	6

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.

Tax Office:

***Finding 2013-01:**

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 accurately.

Recommendation:

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

***Finding 2013-02:**

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.

*Prior Year Finding

Follow-up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was not taken on prior year findings marked with an asterisk (*).

Acknowledgment

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Freehold, New Jersey
August 25, 2014