

NEW ISSUE – BOOK-ENTRY ONLY

RATING: MOODY'S Aa3

In the opinion of Bathgate, Wegener & Wolf, P.C., Bond Counsel to the Borough (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact and statements of reasonable expectation made by the Borough in its Tax Certificate (as defined herein), assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

\$8,660,000
BOROUGH OF POINT PLEASANT
IN THE COUNTY OF OCEAN
STATE OF NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2015
Consisting of
\$7,300,000 General Improvement Bonds
and
\$1,360,000 Water/Sewer Utility Bonds

(NON-CALLABLE)
(BOOK ENTRY ONLY)
Dated: November 15, 2016
Due: November 15th, as shown on the inside front cover

The \$8,660,000 aggregate principal amount of General Obligation Bonds, Series 2015, consisting of \$7,300,000 aggregate principal amount of General Improvement Bonds, Series 2015 (the "General Improvement Bonds") and \$1,360,000 aggregate principal amount of Water/Sewer Utility Bonds, Series 2015 (the "Water Utility Bonds" and together with the General Improvement Bonds, the "Bonds") are general obligations of the Borough of Point Pleasant, in the County of Ocean, State of New Jersey (the "Borough"), and, unless paid from other sources, pledge the full faith and credit of the Borough to levy *ad valorem* taxes on all taxable property within the Borough without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Bonds will be fully registered book-entry only form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof, with a minimum purchase of \$5,000, except that any Bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof.

Interest on the Bonds will be payable semi-annually on the fifteenth (15th) day of May and November each year until maturity, commencing May 15, 2016, calculated on the basis of a 360-day year comprised of twelve, thirty day months. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Borough, as the paying agent. Interest on the Bonds will be credited to the Participants of the Depository Trust Company as listed on the records of the Depository Trust Company as defined herein. While DTC is acting as securities depository for the Bonds, principal and interest will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payment to DTC participants. DTC participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by and are issued pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances of the Borough duly adopted on the dates set forth herein and approved and published as required by law and by resolutions duly adopted by the Borough Council on October 20, 2015.

The Bonds are being issued to permanently finance the costs of the various capital improvements in and by the Borough in the amount of \$8,660,000.

The Bonds are subject to optional and mandatory redemption prior to their statement maturates as set forth herein. See DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption."

The Bonds are not a debt or obligation, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Borough.

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Bathgate, Wegener & Wolf, P.C., Lakewood, New Jersey, Bond Counsel to the Borough, and certain other conditions. It is anticipated that the Bonds will be available for delivery through DTC on or about November 25, 2015.

Bids for the Bonds will be received by the Borough as stated in the Notice of Sale.

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part for any other purpose. This Official Statement should be read in its entirety.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

**BOROUGH OF POINT PLEASANT
IN THE COUNTY OF OCEAN,
STATE OF NEW JERSEY**

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CHIEF FINANCIAL OFFICER

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ADMINISTRATOR

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Lakewood, New Jersey

**BOROUGH OF POINT PLEASANT
IN THE COUNTY OF OCEAN, NEW JERSEY**

MATURITIES, PRINCIPAL, INTEREST RATES AND YIELDS

\$8,660,000 GENERAL OBLIGATION BONDS, SERIES 2015

Consisting of:
\$7,300,000 General Improvement Bonds
and
\$1,360,000 Water/Sewer Utility Bonds

**COMBINED MATURITIES,
INTEREST RATE AND YIELD OR PRICE**

<u>Year</u>	<u>General Improvement Bond</u>	<u>Utility Bonds</u>	<u>Total Principle Amount</u>	<u>Interest Rate %</u>	<u>Yield %</u>
2016	\$730,000.00	\$75,000.00	\$805,000.00	3.0%	.40
2017	\$700,000.00	\$85,000.00	\$785,000.00	3.0	.85
2018	\$700,000.00	\$150,000.00	\$850,000.00	3.0	1.100
2019	\$700,000.00	\$150,000.00	\$850,000.00	4.0	1.300
2020	\$650,000.00	\$150,000.00	\$800,000.00	2.0	1.550
2021	\$650,000.00	\$150,000.00	\$800,000.00	2.0	1.750
2022	\$650,000.00	\$150,000.00	\$800,000.00	2.0	2.0
2023	\$650,000.00	\$150,000.00	\$800,000.00	2.0	2.20
2024	\$650,000.00	\$150,000.00	\$800,000.00	2.125	2.30
2025	\$1,220,000.00	\$150,000.00	<u>\$1,370,000.00</u>	2.250	2.50
			\$8,660,000.00		

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OFFICIAL STATEMENT
OF THE
BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY

RELATING TO

\$8,660,000 General Obligation Bonds, Series 2015

Consisting of
\$7,300,000 General Improvement Bonds
and
\$1,360,000 Water/Sewer Utility Bonds

INTRODUCTION

This Official Statement, which included the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough") in connection with sale and issuance of \$8,660,000 General Obligation Bonds, Series 2015, consisting of \$7,300,000 General Improvement Bonds (the "General Improvement Bonds") and \$1,360,000 Water/Sewer Utility Bonds (the "Water/Sewer Utility Bonds" and, with the General Improvement Bonds, the "Bonds") dated November 15, 2015. This Official Statement has been by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

THE BONDS

General Description

The Bonds are dated, will mature on the dates and in the amounts and will bear interest payable semiannually as set forth on the inside cover page hereof. The Bonds may be purchased in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof except, where necessary, also in the amount of \$1,000, through book-entries made on the books of the Depository Trust Company, New York, New York ("DTC") and its participants.

Interest on the Bonds will be payable semiannually on the fifteenth (15th) day of May and November in each year until maturing, commencing on May 15, 2016. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Borough or its designated paying agent (the "Paying Agent"). Interest on the Bonds will be credited to the Participants of the Securities Depository as listed on the records of the Securities Depository as of each next preceding May 1 and November 1 (the "Record Dates" for the payment of the interest on the Bonds).

Redemption

The Bonds are not subject to redemption prior to their state maturities.

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of CEDE & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the

aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposits of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemption, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or its designated Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Borough, or the Borough's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its designated Paying Agent, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OF OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX EXEMPTION") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry Only System

If the Borough, in its sole discretion, determines the DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system is discontinued, the Borough has, pursuant to the Resolution, provided that upon receipt of the Bond certificates from DTC and the participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

SECURITY AND SOURCE PAYMENT

The Bonds are valid and legally binding general obligation bonds of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Borough is required by law to levy ad valorem taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Bonds without limitation as to the rate or amount.

PURPOSE OF THE BOND ISSUES

The proceeds of the \$7,300,000 General Improvement Bonds will be used to: (i) permanently finance the cost of various capital improvements in and for the Borough for which obligations have been authorized, but not issued, (ii) pay \$4,680,000 of the Bond Anticipation Note dated September 22, 2014, maturing on December 22, 2015, and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The proceeds of the \$1,360,000 Water-Sewer Utility Bonds will be used to: (i) permanently finance the cost of various capital improvements in and for the Borough for which obligations have been authorized, but not issued, (ii) pay \$1,360,000 of the Bond Anticipation Note dated September 22, 2014 maturing December 22, 2015 and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

After payment of the above Bond Anticipation Notes, the Borough will not have any Bond Anticipation Notes outstanding.

AUTHORIZATION FOR ISSUANCE OF BONDS

The Bonds have been authorized by, and are to be issued pursuant to, certain laws of the State of New Jersey, including, without limitation, the Local Bond Law (J.J.S.A. 40A:2-1 et. seq.), and pursuant to various bond ordinances duly adopted by the Borough Council (collectively, the “Ordinances”) and a resolution adopted by the Borough Council on November 10, 2015 (the “Resolution”).

The Bonds are to be issued to finance and refinance the projects authorized by ordinances of the Borough Council adopted on the dates set forth in the following table:

General Improvement Bonds

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date of Adoption</u>	<u>Ordinance Useful Life</u>	<u>Amount of Bond Authorized</u>	<u>Principal Amount of Bonds to be Issued</u>
09-18	Various General Improvements	10-20-2009	15 yrs.	\$ 46,507.00	\$ 10,414.00
09-20	Various General Improvements	10-20-2009	15 yrs.	215,650.00	215,650.00
10-07	Various General Improvements	4-6-2010	15 yrs.	49,927.00	10,141.00
10-18	Various General Improvements	10-5-2010	7 yrs.	57,000.00	57,000.00
11-20	Various General Improvements	12-20-2011	8.98 yrs.	1,054,000.00	1,054,000.00
12-15	Various General Improvements	9-4-2012	15.5 yrs.	1,679,147.00	1,679,146.00
13-13	Various General Improvements	8-20-2013	40 yrs.	2,970,000.00	2,813,376.00
13-19	Various General Improvements	11-19-2013	18.5 yrs.	1,441,070.00	1,260,000.00
14-08	Various General Improvements	9-2-2013	22.22 yrs.	1,769,415.00	200,273.00
				Total	<u>\$7,300,000.00</u>

Water/Sewer Utility Bonds

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date of Adoption</u>	<u>Ordinance Useful Life</u>	<u>Amount of Bond Authorized</u>	<u>Principal Amount of Bonds to be Issued</u>
05-22	Various Improvement	9-06-2005	18.3 yrs.	\$1,679,975.00	\$ 75,000.00
10-15	Various Improvement	9-07-2010	20 yrs.	769,595.00	85,000.00
11-21	Various Improvement	12-20-2011	40 yrs.	450,000.00	150,000.00
12-04	Various Improvement	3-20-2012	15 yrs.	85,263.00	85,263.00
12-05	Various Improvement	3-20-2012	40 yrs.	1,926,125.00	214,737.00
12-16	Various Improvement	9-4-2012	18.75 yrs.	231,420.00	150,000.00
13-20	Various Improvement	11-19-2013	23.66 yrs.	1,111,257.00	150,000.00
12-02	Various Improvement	3-20-2012	20 yrs.	1,405,005.00	150,000.00
14-10	Various Improvement	10-07-14	22.26 yrs.	270,133.00	150,000.00
				Total	<u>\$1,360,000.00</u>

**MUNICIPAL FINANCE –
FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

Procedure for Authorization

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an

appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

Local Bond Law (N.J.S.A. 40A:2-1 et.seq.)

The Bonds are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-4 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Borough are general "full faith and credit" obligations.

Local governmental units (including the Borough) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one half percent (3½ %) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purpose of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

The Borough has not exceeded its statutory debt limit. As of November 15, 2015 the statutory net debt of the Borough as a percentage of equalized valuation (3 year average) was .659% (unaudited).

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (December 31) after the close of the Borough's fiscal year (June 30), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days

thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year, such as the Borough. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual audit report is filed with the clerk of the local unit and is available for review during business hours.

FINANCIAL MANAGEMENT

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserve and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but he Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1 et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law was recently amended and such amendment became effective on July 7, 2004. The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of the annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. The Borough

has utilized this procedure to establish its CAP at 3.5%. See N.J.S.A. 40A:4-45.14. In addition,

N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Borough has not utilized its "Cap Bank" in its Fiscal Year 2015 budget and was below the permitted budget "CAP" for the Fiscal Year 2015 budget. Along with the permitted increases for the total general appropriations there are certain items that are allowed to increase outside the "CAP". Major exceptions to the CAP law are as follows:

1. Capital expenditures, including appropriations for current capital expenditures, as a component of a line item expenditure elsewhere in the budget or included in the capital improvement fund, provided that any such expenditure would otherwise be bondable under the Local Bond Law;
2. An increase based upon emergency temporary appropriations to meet an urgent situation or event or an emergency appropriation made pursuant to the Local Budget Law, (N.J.S.A. 40A:4-46), which shall be approved by the Director and by at least two-thirds of the members of the governing body and shall not exceed in the aggregate three percent (3%) of the previous year's final current operating regulation or by municipal ordinances;
3. All debt service requirements, including that of a Type 1 school district;
4. Cash deficits of prior years, subject to the approval of the Local Finance Board;
5. Amount reserved for the uncollected taxes;
6. Appropriations related to new or increased service fees imposed by State law, rule or regulations or by municipal ordinances;
7. An amount approved by any referendum;
8. Amounts required to be paid pursuant to (i) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage parking, senior citizen housing or similar purpose or payments on account of debt service therefor between a municipality and any other public entity of the State, (ii) the provisions of 1968 N.J. Laws c. art. 9 by a constituent municipality to the intermunicipal account, (iii) any lease of a facility owned by a county improvement authority when lease payment represents the proportionate amount necessary to amortize the debt incurred by the authority in providing the leased facility, in whole or in part, and (iv) any repayment under a loan agreement pursuant to 1992 N.J. Laws c. 89, sec. 5;
9. Appropriations of Federal, county, independent authority or State funds, or by grants from private parties or nonprofit organizations for a specific purpose, and amounts received or to be received from such sources in reimbursement for local expenditures. If a municipality provides matching funds in order to receive the federal, county, independent authority or State funds, or the grants from private parties or nonprofit organizations for a specific purpose, the amount of the match which is required by law or agreement to be provided by the municipality shall be excepted;
10. Amounts expended to fund a free public library established pursuant to a provision of law;
11. Amounts expended in preparing and implementing a housing element and fair share plan pursuant to the provisions of 1985 N.J. Laws c. 222 and any amounts received by a municipality under a regional contribution agreement pursuant to section 12 of that act;
12. Amounts expended to aid privately owned libraries and reading rooms;
13. Extraordinary expenses, approved by the Local Finance Board, required for the implementation of a shared services agreement;
14. Any expenditures mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or the Governor of the State;
15. Expenditures for the cost of services mandated by any order of court, by any Federal or State statute or by administrative rule, directive, order or other legally binding devise issued by a State Agency;
16. Expenditures of amounts actually realized in the local budget year from the sale of municipal assets if appropriated for non-recurring purposes or otherwise approved by the Director;

17. Any Local Unit which is determined to be experiencing fiscal distress pursuant to the provisions of 1987 N.J. Laws c. 75 and which has available surplus pursuant to the spending limitations imposed by 1976 N.J. Laws c. 68, may appropriate and expend an amount of that surplus approved by the Director and the Local Finance Board;

18. Amounts expended for staffing and operation of the municipal court;

19. Expenditures related to the cost of conducting and implementing a total property tax levy sale pursuant to 1997 N.J. Laws c. 99, sec. 16;

20. Amounts expended for a length of service award program pursuant to 1997 N.J. Laws c. 388;

21. Amounts expended to provide municipal services or reimbursement amounts to multifamily dwellings for the collection and disposal of solid waste generated by the residents of the multifamily dwellings. This subsection shall cease to be operative at the end of the first local budget year in which the municipality has fully phased in its reimbursement amount expenses;

22. Amounts expended by a municipality under a shared services agreement entered into pursuant to 1973 N.J. Laws c. 208 entered into after the effective date of 2000 N.J. Laws c. 126. The governing body of the municipality that will receive the service may choose to allow the amount of projected annual savings to be added to the amount of final appropriations upon which its permissible expenditures are calculated pursuant to section 1976 N.J. Laws c. 68, 2;

23. Amounts expended under a joint contract pursuant to 1952 N.J. Laws c. 72 entered into after the effective date of 2000 N.J. Laws c. 126. The governing body of each participating municipality may choose to allow the amount of projected annual savings to be added to the amount of final appropriations upon which its permissible expenditures are calculated pursuant to section 1976 N.J. Laws c. 68, 2;

24. Amounts appropriated in this first three years after the effective date of 2003 N.J. Laws c. 92 for liability insurance, workers' compensation insurance and employee group insurance; and

25. Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for costs of domestic security preparedness and response to the incidents and threats to domestic security.

The "CAP" law does not limit the obligation of the Borough to levy ad valorem taxes upon all taxable property which the boundaries of the Borough to pay debt services on bonds and notes.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L. 1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Borough to levy ad valorem taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a

deferred charge in the following year's budget. Any emergency appropriations must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filled with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operation budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, 55.1. Emergency appropriations for capital projects may be finance through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year.

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirements is calculated as follows:

Total of Local, County and School Levies	-	Anticipated	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes
Cash Required from Taxes to Support Local Municipal Budget and Other Taxes Prior Year's Percentage of Current Tax Collection (or Lesser %)			=	Amount to be Raised by Taxation

N.J.S.A. 40A:4-26 provides that "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (July 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement that is dated as of the last day of the preceding fiscal year (June 30) with the Division and with the Borough Clerk. This report is made under oath and states the authorized, issued and un-issued debt of the Borough as of the previous June 30. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Borough is ineligible for local examination of its budget. The Borough adopted its fiscal year 2010 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A:-1 et seq.)."

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A. C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchase properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

Upon the filing of certified adopted budgets by the Borough, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

Tax bills are sent in August and January of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county of school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

LITIGATION

To the knowledge of the Borough Attorney, Jerry J. Dasti, Esq., Forked River, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough's Attorney and delivered to the purchases of the Bonds at the closing.

TAX MATTERS

General

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") provides that interest on the Bonds is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Borough has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Bonds, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements or reasonable expectation in connection with the issuance of the Bonds to assure this exclusion. Pursuant to Sections 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In the opinion of Bathgate, Wegener & Wolf, P.C. ("Bond Counsel"), pursuant to Section 103(a) of Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Bonds held by corporate tax payers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of facts, and statements of reasonable expectation made by the Borough in its Tax Certificate, assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Bonds

Although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds. Each purchaser of the bonds should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

Bank Qualification

The Bonds will not be designated as “qualified tax-exempt obligations” under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or State level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Bonds.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Borough has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough shall provide:

- (a) On or prior to 270 days from the end of each fiscal year, beginning with the fiscal year ending December 31, 2015, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access Data Port (“MSRB”), annual financial information with respect to Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of Borough and certain financial information and operating data consisting of (i) Borough indebtedness, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB;
- (b) In a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds (herein “Material Events”):
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (7) Modifications to rights of security holders, if material;
 - (8) Bond calls, if material, and tender offers;

- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and order of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Notice of failure of the Borough to provide required annual financial information on or before the dated specified in the undertaking shall be sent in a timely manner to EMMA.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided pursuant to the Borough's undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Borough prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in this resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the Borough fails to comply with the Rule requirements or the written contracts or undertakings, the Borough shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Borough has previously failed to file with EMMA in a timely manner its: (i) operating data and annual financial statements for fiscal years ending December 31, 2009 through 2011; and (ii) most current adopted budget, as required, for the fiscal years ending December 31, 2010 through 2013. The Borough acknowledges that it previously failed to file late filing notices and material event notices in connection with: (i) failure to file certain annual financial information; and (ii) certain underlying and bond insurer rating changes. Such notices of material events and late filings have been filed as of the date of this Official Statement. The Borough has appointed a dissemination agent to help ensure that future filings are made timely.

EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies and all executors, administrators, guardians, trustees and other fiduciaries, may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Borough, including the Bonds, and such Bonds as are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a state of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petitions; directs a petitioner to file a plan for the adjustment of its debts' and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter 9 does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bathgate, Wegener & Wolf, P.C., Lakewood, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Borough by its Attorney, Jerry J. Dasti, Forked River, New Jersey.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by the Borough (the "Underwriter") at a price of \$8,707,239.45 (consisting of the par amounts of the Bonds plus a premium in the amount of \$47,239.45). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the front inside cover of this Official Statement.

RATING

Moody's Investors Service ("Rating Agency") has assigned its municipal bond rating of Aa3 to the Bonds ("Rating").

That rating reflects only the views of the rating agency and an explanation of the significance of such rating may only be obtained from the rating agency. There can be no assurance that the rating will be maintained for any given period of time or that they may not be revised downward or withdrawn entirely if, in the rating agency's judgement, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer of the Borough, that to her knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material facts necessary to make the statements herein, in light of the circumstance under which they are made, no misleading.

Holman Frenia Allison, P.C., (the "Auditors") assisted in the preparation of the information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in the their Independent Auditor's Report.

All other information has been obtained from sources, which the Borough considers to be reliable, and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bathgate, Wegener & Wolf, P.C., has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Himanshu Shah, Chief Financial Officer at (732) 892-3434, 2233 Bridge Avenue, Point Pleasant, New Jersey 08742.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Borough since the date hereof. The information contained in the Official Statement is not guaranteed as to accuracy or completeness.

BOROUGH OF POINT PLEASANT

Dated: November _____, 2015

Himanshu Shah, Chief Financial Officer

APPENDIX A
CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE BOROUGH OF POINT PLEASANT**

Location and Area

The Borough of Point Pleasant (the “Borough”) was created by incorporation in 1920. Until its incorporation, the Borough was part of Brick Township. The Borough is located in the northeastern part of Ocean County on the Manasquan River. The Borough is bordered by the Boroughs of Point Pleasant Beach and Bay Head in the east, Brick Township in the west and southwest, and Beaver Dam Creek and Barnegat Bay in the south.

The Borough is traversed north and south by the Point Pleasant Canal, which connects Barnegat Bay at Bay Head Harbor with the Manasquan River providing a short route from the northern parts of Barnegat Bay to the Atlantic Ocean. New Jersey Route 88 traverses the Borough in an east/west direction and provides access from the Borough to the north and south by New Jersey Route 35 in the east and the Garden State parkway in the west.

The Borough is predominantly residential in character. The population of the Borough includes a substantial number of shore-oriented retired persons. The working population travels to other communities for employment. The Borough is fully developed. Its land area of 3.70 square miles is 54% residential; 23.6% is public or semi-public use, including streets; 12% is under water; 5.4% is commercial, marine commercial or office use; 4.8% is vacant and 0.4% is in industrial use.

Population

The population of the Borough increased from 19,306 in 2000 to 20,336 in 2010, an increase of 1,030 persons over the 2000 Census figures. This estimate presents a 5.33 percent increase over the 2000 Census figures.

The following table summarizes population increases and decreases for the Borough, in the County, and the State of New Jersey:

Population – 1970 to 2010

Year	Point Pleasant Borough		Ocean County		State of New Jersey	
	Population	Change (%)	Population	Change (%)	Population	Change (%)
2010	20,336	5.335%	576,567	12.850%	8,791,894	4.487%
2000	19,306	6.211%	510,916	17.939%	8,414,350	8.851%
1990	18,177	2.423%	433,203	25.189%	7,730,188	4.958%
1980	17,747	11.141%	346,038	65.989%	7,365,011	2.704%
1970	15,968	56.826%	208,470	92.600%	7,171,112	18.203%

Source: United States Department of Commerce, Bureau of Census, 1970, 1980, 1990, 2000, 2010 Census of the Population: New Jersey

Borough Per Capita Income

Year Ended December 31	Unemployment Rate	Population
2014	5.9%	18,665
2013	7.3%	18,521
2012	8.6%	18,451
2011	8.4%	18,428
2010	8.4%	18,417

Sources: New Jersey Department of Labor & U.S. Census Bureau

Ten Largest Employers of Ocean County

NAME OF EMPLOYER	EMPLOYEES
St Barnabas Health Care System	4,534
Six Flags Theme Parks, Inc	3,000
Joint Base McGuire-Dix-Lakehurst	2,994
Toms River Regional School System	2,185
Anchor Auto Lease Inc	1,500
Brick Township Board of Education	1,470
Ocean Medical Center	1,400
Disabled American Veterans	1,000
Jackson Township Board of Education	819
Lacey Township Board of Education	702

Source: Borough Clerk

Community Facilities and Services

Point Pleasant Borough provides a diverse base of services including excellent recreation facilities, boating and fishing, state parks, as well as an excellent school system. All of these factors provide for an excellent quality of life and are the backbone of the community.

Labor Force

	2014	2013	2012	2011	2010
<u>Point Pleasant Borough</u>					
Labor Force	2,515	2,506	2,553	2,736	2,885
Employment	2,366	2,322	2,334	2,506	2,643
Unemployment	149	184	219	230	242
Employment Rate	5.9%	7.3%	8.6%	8.4%	8.4%
<u>Ocean County</u>					
Labor Force	265,300	266,000	268,600	266,200	264,500
Employment	246,200	241,700	240,200	238,600	237,400
Unemployment	19,000	24,300	28,300	27,600	27,100
Employment Rate	7.2%	9.1%	10.6%	10.4%	10.3%
<u>State of New Jersey</u>					
Labor Force	4,518,700	4,534,400	4,588,100	4,565,700	4,555,300
Employment	4,218,400	4,164,400	4,162,100	4,140,500	4,121,500
Unemployment	300,300	370,000	426,000	425,300	433,900
Employment Rate	6.6%	8.2%	9.3%	9.3%	9.5%

Source: New Jersey Department of Labor

FINANCIAL INFORMATION REGARDING THE BOROUGH OF POINT PLEASANT

Net Assessed Valuations and Annual Tax Rates

Year	Net Assessed Valuations (\$)	Tax Rate	School District	Point Pleasant Borough	Ocean County
2014	#####	1.871	0.838	0.424	0.609
2013	3,214,974,138	1.801	0.984	0.418	0.399
2012	3,250,129,138	1.757	0.960	0.105	0.392
2011	3,259,252,110	1.705	0.940	0.382	0.383
2010	3,279,020,068	1.644	0.909	0.364	0.371

Source: Borough of Point Pleasant Tax Assessor

Real Property Classification

Year	Vacant Land (\$)	Residential (\$)	Commerical (\$)	Apartment (\$)	Total Ratables (\$)	Total Exempt (\$)	Total Ratables & Exempt (\$)
2014	35,320,300	2,908,460,800	241,133,010	23,838,400	3,208,752,510	170,961,600	3,379,714,110
2013	41,651,700	2,901,948,900	242,678,510	25,582,300	3,211,861,410	167,434,500	3,379,295,910
2012	39,556,600	2,929,105,600	249,877,410	26,624,300	3,245,163,910	168,540,500	3,413,704,410
2011	40,101,500	2,937,797,800	250,474,310	27,010,000	3,255,383,610	166,699,300	3,422,082,910
2010	39,584,500	2,956,937,600	250,854,710	27,301,500	3,274,678,310	167,502,200	3,442,180,510

Source: County of Ocean, Assessed Value by Classification

Ratio of Assessed Value to True Value

Year	Aggregate Assessed Value (\$)	Real Property Ratio of Assessed to True Value	Aggregate True Value (\$)
2014	3,208,752,510	97.75	3,282,611,263
2013	3,211,861,410	98.86	3,248,898,857
2012	3,246,339,010	98.18	3,306,517,631
2011	3,255,383,610	92.77	3,509,090,881
2010	3,274,678,310	89.10	3,675,284,299

Source: County of Ocean, Equalization Tables

Ten Leading Taxpayers of the Borough

Name of Taxpayer	Assessed Valuation 2014	As a % of Borough's Net Assessed Valuation
Clark's Landing	\$ 11,358,700	0.00354
Point 88 Realty	8,000,000	0.00249
Johnson Bros Boat Works, LLC	6,126,300	0.00191
Robelander Realty Inc	4,468,800	0.00139
Nassau Tower Realty LLC Walgreens	4,100,000	0.00128
Taxpayer 1	4,089,000	0.00127
CNL Incom Crystal PT Marina LLC	3,981,000	0.00124
Taxpayer 2	3,800,000	0.00118
Canal Point Marine Inc	3,499,000	0.00109
Dad Realty, Inc.	3,444,200	0.00107

Source: Borough of Point Pleasant Tax Assessor

Property Tax Rates Per \$100 of Assessed Valuation

Assessment Year	School District	Point Pleasant Borough	Ocean County	Total
2014	0.838	0.424	0.609	1.871
2013	0.984	0.418	0.399	1.801
2012	0.960	0.405	0.392	1.757
2011	0.940	0.382	0.383	1.705
2010	0.909	0.364	0.371	1.644

Source: County of Ocean, Board of Taxation

Analysis of Real Estate Tax Levy

Levy By Type	2014	2013	2012	2011	2010
Local Tax	13,613,087	13,422,894	13,176,442	12,458,569	11,938,538
School	33,175,062	31,644,355	31,217,201	30,622,429	29,804,075
County	13,280,779	12,808,030	12,693,035	12,479,681	12,153,289
Total Levy	60,068,928	57,875,279	57,086,678	55,560,679	53,895,902

Source: Borough of Point Pleasant Tax Collector

Tax Title Liens and Delinquent Taxes

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percent of Total Levy
2014	\$ 19,657	\$ 1,404,053	\$ 1,423,710	2.36%
2013	\$ 19,260	\$ 1,892,345	\$ 1,911,605	3.30%
2012	\$ 17,633	\$ 1,459,464	\$ 1,477,097	2.55%
2011	\$ 14,686	\$ 1,551,547	\$ 1,566,232	2.82%
2010	\$ 10,269	\$ 2,360,163	\$ 2,370,431	4.39%
2009	\$ 4,346	\$ 1,765,447	\$ 1,769,793	3.38%

Source: Auditor to the Borough of Point Pleasant

Tax Levies and Collections Record

Year Ended December 31,	Total Tax Levy	Current Year Collected	% Current Levy Collected
2014	\$ 60,236,252	\$ 58,642,131	97.35%
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%
2010	\$ 54,046,251	\$ 51,467,882	95.23%
2009	\$ 52,352,741	\$ 50,799,422	97.03%

Source: Borough of Point Pleasant Tax Collector

APPENDIX B
FINANCIAL STATEMENTS

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
AUDIT REPORT FOR THE YEAR
ENDED, DECEMBER 31, 2014**

**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, 2014**



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
Borough Council
Point Pleasant Borough
Point Pleasant, New Jersey 08742

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Point Pleasant, County of Ocean, State of New Jersey as of December 31, 2014 and 2013 and the related comparative statement of operations and changes in fund balance--regulatory basis for the years then ended, the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2014.

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 Borough'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 Borough'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, 2014 and 2013, 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 have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 27.58% and 30.80% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as of December 31, 2014 and 2013, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2014 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2015, 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.



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

Medford, New Jersey
June 27, 2015

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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 08742

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, 2014, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated June 27, 2015. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. Further, our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. The LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the year ended December 31, 2014. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough’s financial statements will not be prevented, or detected and corrected on a timely basis.

We consider the deficiencies described in the accompanying Comments & Recommendations to be material weaknesses as Finding No.'s 2014-001, 2014-002, 2014-003, and 2014-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.



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

Medford, New Jersey
June 27, 2015

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF POINT PLEASANT
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 15,006,814	\$ 21,974,198
Change Fund	A	550	550
Petty Cash Funds	A	691	469
Due from State of New Jersey for Senior Citizen & Veteran Deductions	A	26,358	29,807
Total Regular Fund		<u>15,034,413</u>	<u>22,005,024</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	1,404,053	1,892,345
Tax Title Liens Receivable	A-6	19,657	19,260
Revenue Accounts Receivable	A-7	14,303	12,919
Due From Interfunds:			
State & Federal Grant Fund	A-12	90,924	29,269
Total Receivables & Other Assets With Full Reserves		<u>1,528,937</u>	<u>1,953,793</u>
Deferred Charges:			
Community Disaster Loan Program	A	3,820,000	1,910,000
Special Emergency Authorizations	A-14	464,509	770,883
Total Deferred Charges		<u>4,284,509</u>	<u>2,680,883</u>
Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		<u>20,847,859</u>	<u>26,639,700</u>
State & Federal Grants:			
Cash	A-4	1,185	1,896
Grants Receivable	A-15	413,496	222,086
Total State & Federal Grants		<u>414,681</u>	<u>223,982</u>
Total Assets		<u>\$ 21,262,540</u>	<u>\$ 26,863,682</u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2014	2013
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-8	\$ 409,829	\$ 485,282
Reserve for Encumbrances	A-3,A-4,A-8	765,998	252,988
Accounts Payable	A	79,382	54,641
Tax Overpayments	A-4,A-5	82,470	13,862
Prepaid Taxes	A-4,A-5	518,942	524,541
County Tax Payable	A-10	28,846	15,515
Community Disaster Loan Payable	A	3,820,000	1,910,000
Tax Anticipation Note Payable	A	-	10,000,000
Local District School Tax Payable	A-9	9,538,823	8,773,471
Special Emergency Note Payable	A-13	464,509	770,883
Miscellaneous Reserves:			
Reserve For Superstorm Sandy	A-11	-	206,750
Sale of Municipal Assets	A-11	6,001	6,001
Due to State of NJ - Marriage License Fees	A-11	625	880
Due to State of NJ - DCA Training Fees	A-11	8,086	-
Due To Interfunds:			
Trust Other Fund	A-12	-	47,154
Subtotal		15,723,511	23,061,968
Reserve for Receivables & Other Assets	A	1,528,937	1,953,793
Fund Balance	A-1	3,595,411	1,623,939
Total Regular Fund		20,847,859	26,639,700
State & Federal Grants:			
Reserve for Grants Appropriated	A-16	302,830	117,341
Reserve for Grants Unappropriated	A-17	10,778	47,895
Reserve for Encumbrances	A-16	10,149	29,476
Due Current Fund	A	90,924	29,269
Total State & Federal Grants		414,681	223,981
Total Liabilities, Reserves & Fund Balance		\$ 21,262,540	\$ 26,863,681

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, 2014 AND 2013**

	2014	2013
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 100,000	\$ -
Miscellaneous Revenue Anticipated	4,931,971	4,723,218
Receipts From Delinquent Taxes & Tax Title Liens	1,862,840	1,364,563
Receipts From Current Taxes	58,642,131	55,828,445
Nonbudget Revenue	656,078	227,972
Other Credits to Income:		
Interfunds Liquidated	-	179,045
Recreation Improvement Reserve Closed	-	68,851
Closing of Reserve Balances	-	10,244
Cancellation of Accounts Payable	113	-
Unexpended Balance of Appropriation Reserves	229,905	603,194
	66,423,038	63,005,532
Total		
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries & Wages	6,585,492	6,580,982
Other Expenses	5,814,039	5,472,126
Deferred Charges & Statutory Expenditures	1,515,184	1,558,968
Excluded From "CAPS":		
Operations:		
Other Expenses	533,045	712,193
Capital Improvements	110,000	100,000
Municipal Debt Service	2,912,190	2,864,771
Deferred Charges	306,374	306,553
County Taxes	13,215,777	12,738,543
Due County for Added & Omitted Taxes	28,846	15,515
Local District School Tax	33,175,062	31,644,355
Municipal Open Space Tax	65,142	65,080
Interfunds Advanced	90,415	-
	64,351,566	62,059,086
Total Expenditures		
Excess/Deficit in Revenue	2,071,472	946,446
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	-	-
	2,071,472	946,446
Statutory Excess to Fund Balance	2,071,472	946,446
Fund Balance January 1	1,623,939	677,493
	3,695,411	1,623,939
Total		
Decreased by: Utilization as Anticipated Revenue	100,000	-
	3,595,411	1,623,939
Fund Balance December 31	\$ 3,595,411	\$ 1,623,939

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, 2014**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 100,000	\$ -	\$ 100,000	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	13,000	-	13,512	512
Fees & Permits:				
Uniform Construction Code Fees	300,000	-	475,719	175,719
Other	35,000	-	41,364	6,364
Fines & Costs:				
Municipal Court	130,000	-	168,082	38,082
Interest & Costs on Taxes	250,000	-	357,860	107,860
Interest on Investments & Deposits	5,000	-	21,578	16,578
Energy Receipts Tax	1,196,320	-	1,202,493	6,173
Consolidated Municipal Property				
Tax Relief Act	31,256	-	25,083	(6,173)
Community Disaster Loan Program	2,140,055	-	2,140,055	-
FEMA Reimbursement	206,750	-	206,750	-
Clean Communities Program	-	34,986	34,986	-
Cops In Shops	-	2,400	2,400	-
Alcohol Education & Rehabilitation Fund	950	-	950	-
2013 NJ DOT Municipal Aid	200,000	-	200,000	-
Recycling Tonnage Grant	34,244	-	34,244	-
Body Armor Replacement Fund	3,696	3,199	6,895	-
Total Miscellaneous Revenues	4,546,271	40,585	4,931,971	345,115
Receipts From Delinquent Taxes	1,900,000	-	1,862,840	(37,160)
Subtotal General Revenues	6,546,271	40,585	6,894,811	307,955
Local Tax for Municipal Purposes	13,613,087	-	14,567,913	954,826
Budget Totals	20,159,358	40,585	21,462,724	1,262,781
Nonbudget Revenues	-	-	656,078	656,078
Total	\$ 20,159,358	\$ 40,585	\$ 22,118,802	\$ 1,918,859

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, 2014**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 58,642,131
Less: Allocated for School, County Taxes & Open Space Taxes	<u>46,484,827</u>
Total Allocation of Current Tax Collections	12,157,304
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>2,410,609</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$ 14,567,913</u>
Delinquent Property Taxes Receivable	<u>1,862,840</u>
Total Receipts From Delinquent Taxes	<u>\$ 1,862,840</u>
Fees & Permits:	
Zoning Board Permits	\$ 11,080
Planning Board Permits	3,350
Board of Health Permits	<u>26,934</u>
Total Fees & Permits	<u>\$ 41,364</u>

ANALYSIS OF NONBUDGET REVENUES

Recycling	\$ 22,586
Cell Tower Rental	394,248
Cable TV Fees	74,941
Grading and Drainage	32,100
Refund of Prior Year Expenditures	105,805
Miscellaneous Other	<u>26,398</u>
Nonbudget Revenue	<u>\$ 656,078</u>

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

**BOROUGH OF POINT PLEASANT
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
General Government Functions:						
General Administration:						
Salaries and Wages	\$ 27,396	\$ 27,396	\$ 26,289	\$ -	\$ 1,107	\$ -
Other Expenses	143,500	153,500	97,842	34,466	21,192	-
Mayor & Council:						
Salaries and Wages	14,040	14,040	12,120	-	1,920	-
Municipal Clerk:						
Salaries and Wages	177,999	180,399	179,740	-	659	-
Other Expenses	13,350	14,050	13,253	713	84	-
Financial Administration (Treasury):						
Salaries and Wages	76,398	76,398	72,980	-	3,418	-
Other Expenses	8,500	8,500	2,527	2,593	3,380	-
Audit Services:						
Annual Audit	55,000	55,000	6,450	48,550	-	-
Revenue Administration (Tax Collector):						
Salaries and Wages	80,296	75,296	69,902	-	5,394	-
Other Expenses	14,650	14,650	4,690	3,912	6,048	-
Tax Assessor:						
Salaries and Wages	148,543	152,543	151,781	-	762	-
Other Expenses	7,338	7,338	2,060	3,926	1,352	-
Legal Services:						
Other Expenses	155,000	167,000	151,034	5,466	10,500	-
Engineering Services & Costs:						
Other Expenses	135,000	130,000	84,230	-	45,770	-
Land Use Administration:						
Planning Board:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	39,460	15,060	12,390	988	1,682	-
Zoning Board of Adjustment:						
Salaries and Wages	8,500	8,500	8,500	-	-	-
Other Expenses	4,200	4,200	1,801	1,103	1,296	-
Zoning Officer:						
Salaries and Wages	82,500	86,500	86,002	-	498	-
Other Expenses	1,000	1,000	637	333	30	-
Insurance:						
Unemployment Insurance	60,000	60,000	60,000	-	-	-
Liability Insurance	186,358	183,358	182,283	-	1,075	-
Workers' Compensation Insurance	212,900	212,900	212,811	-	89	-
Employee Group Insurance	1,735,530	1,644,230	1,614,380	-	29,850	-
Group Health Waivers	8,500	9,500	5,887	-	3,613	-
Public Safety Functions:						
Police:						
Salaries and Wages	3,964,018	4,074,018	4,065,695	-	8,323	-
Other Expenses	256,558	291,558	225,198	63,125	3,235	-
Emergency Management Services:						
Salaries and Wages	3,350	3,550	3,500	-	50	-
Other Expenses	6,950	6,950	693	1,743	4,514	-
Aid to Volunteer Fire Companies:						
Other Expenses:						
Fire Station No. 75	156,985	156,985	40,000	116,000	985	-
Aid to Volunteer Ambulance Companies:						
Other Expenses	90,000	90,000	90,000	-	-	-
Public Works Functions:						
Road Repairs & Maintenance:						
Salaries and Wages	1,132,641	1,122,641	1,110,981	-	11,660	-
Other Expenses	159,400	159,400	127,799	27,334	4,267	-

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, 2014**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Other Public Works Functions:						
Recycling:						
Salaries and Wages	5,500	5,500	4,327	-	1,173	-
Other Expenses	228,000	228,000	208,081	19,915	4	-
Solid Waste Collection:						
Contractual	540,000	540,000	491,167	48,833	-	-
Building & Grounds:						
Other Expenses	29,100	29,100	21,992	5,438	1,670	-
Community Services Act:						
Other Expenses	110,000	137,000	110,562	25,412	1,026	-
Health & Human Services:						
Board of Health:						
Salaries and Wages	61,800	61,800	61,740	-	60	-
Other Expenses	2,145	2,145	1,759	-	386	-
Environmental Commission:						
Salaries and Wages	1,200	1,200	1,200	-	-	-
Other Expenses	1,170	1,170	515	561	94	-
Animal Control Program:						
Other Expenses	29,000	30,600	26,949	-	3,651	-
Park & Recreation Functions:						
Recreation Services & Programs:						
Salaries and Wages	257,760	249,760	249,760	-	-	-
Other Expenses	10,795	10,795	6,526	1,005	3,264	-
Utility Expense & Bulk Purchases:						
Electricity	105,000	93,000	76,053	13,196	3,751	-
Street Lighting	145,000	140,000	95,312	41,810	2,878	-
Telephone	40,000	38,000	30,850	4,140	3,010	-
Gasoline	150,000	150,000	57,350	36,127	56,523	-
Natural Gas	18,000	18,000	10,053	4,148	3,799	-
Landfill/Solid Waste Disposal Costs:						
Landfill Dumping Fees	650,000	650,000	521,440	128,560	-	-
Municipal Court:						
Salaries and Wages	28,543	28,543	28,543	-	-	-
Other Expenses	8,000	8,000	951	-	7,049	-
Public Defender:						
Other Expenses	8,000	8,000	3,700	-	4,300	-
State Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	408,908	408,908	386,249	-	22,659	-
Other Expenses	8,050	6,050	4,354	879	817	-
Other Common Operating Functions:						
Salary Adjustments	8,000	-	-	-	-	-
Sick Pay Payouts	370,000	338,000	337,168	-	832	-
Prior Year Bills:						
Solid Waste Contractual	-	-	-	-	-	-
Landfill	-	-	-	-	-	-
Contingent	1,000	1,000	-	-	1,000	-
Total Operations Within "CAPS"						
Including Contingent	12,399,331	12,399,531	11,468,556	640,276	290,699	-
Detail:						
Salaries and Wages	6,487,892	6,585,492	6,527,809	-	57,683	-
Other Expenses	5,911,439	5,814,039	4,940,747	640,276	233,016	-
Deferred Charges & Statutory Expenditures						
Municipal Within "CAPS":						
Statutory Expenditures:						
Contributions to:						
Social Security System (O.A.S.I.)	530,000	529,800	491,528	-	38,272	-

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, 2014**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Public Employees' Retirement System	243,048	243,048	243,048	-	-	-
Police & Firemen's Retirement System	740,336	740,336	719,293	-	21,043	-
Defined Contribution Retirement Program	2,000	2,000	1,655	-	345	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,515,384	1,515,184	1,455,524	-	59,660	-
Total General Appropriations for Municipal Purposes Within "CAPS"	13,914,715	13,914,715	12,924,080	640,276	350,359	-
Operations Excluded From "CAPS":						
LOSAP	95,000	95,000	-	95,000	-	-
Shared Services Agreement:						
Municipal Court - Borough of Point Pleasant Beach	90,000	90,000	68,378	21,622	-	-
Construction Code Official - Borough of Point Pleasant Beach Other Expenses	10,000	10,000	-	-	10,000	-
Insurance:						
Employee Group Health Insurance	39,470	39,470	-	-	39,470	-
Tax Office, Barnegat Light	9,100	9,100	-	9,100	-	-
Public & Private Programs Offset by Revenues:						
Matching Fund for Grants	10,000	10,000	-	-	10,000	-
Clean Communities Program	-	34,986	34,986	-	-	-
Alcohol Education & Rehabilitation Fund	950	950	950	-	-	-
Cops In Shops	-	2,400	2,400	-	-	-
Recycling Tonnage Grant	34,244	34,244	34,244	-	-	-
Body Armor Replacement Fund	3,696	6,895	6,895	-	-	-
2013 NJDOT Municipal Aid	200,000	200,000	200,000	-	-	-
Total Operations Excluded from "CAPS"	492,460	533,045	347,853	125,722	59,470	-
Detail:						
Other Expenses	492,460	533,045	347,853	125,722	59,470	-
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	110,000	110,000	110,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	110,000	110,000	110,000	-	-	-
Municipal Debt Service - Excluded From "CAPS":						
Payment of Bond Principal	2,310,000	2,310,000	2,310,000	-	-	-
Interest on Bonds	495,200	495,200	482,190	-	-	13,010
Interest on Notes	120,000	120,000	120,000	-	-	-
Total Municipal Debt Service Excluded From "CAPS"	2,925,200	2,925,200	2,912,190	-	-	13,010
Deferred Charges - Municipal - Excluded from "CAPS":						
Deferred Charge:						
Special Emergency Authorization	306,374	306,374	306,374	-	-	-

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, 2014**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
OPERATIONS - Within "CAPS"						
Total Deferred Charges - Municipal - Excluded from "CAPS":	306,374	306,374	306,374	-	-	-
Total General Appropriations for Municipal Purposes Excluded from CAPS	3,834,034	3,874,619	3,676,417	125,722	59,470	13,010
Subtotal General Appropriations	17,748,749	17,789,334	16,600,497	765,998	409,829	13,010
Reserve For Uncollected Taxes	2,410,609	2,410,609	2,410,609	-	-	-
Total General Appropriations	<u>\$ 20,159,358</u>	<u>\$ 20,199,943</u>	<u>\$ 19,011,106</u>	<u>\$ 765,998</u>	<u>\$ 409,829</u>	<u>\$ 13,010</u>
Adopted Budget Chapter 159		\$ 20,159,358 <u>40,585</u>				
Total		<u>\$ 20,199,943</u>				
Interfunds:						
Federal & State Grant Fund			\$ 279,475			
Reserve for Uncollected Taxes			2,410,609			
Deferred Charges			306,374			
Disbursements			<u>16,014,648</u>			
Total			<u>\$ 19,011,106</u>			

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**BOROUGH OF POINT PLEASANT
TRUST FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Animal Control Trust Fund:			
Cash	B-1	\$ 1,281	\$ 1,002
Change Fund	B	25	25
Total Animal Control Fund		<u>1,306</u>	<u>1,027</u>
Open Space Trust Fund:			
Cash	B-1	255,489	241,546
Total Open Space Trust		<u>255,489</u>	<u>241,546</u>
Other Trust Fund:			
Cash	B-1	2,173,557	1,615,783
Due from Current Fund	A	-	47,154
Total Other Trust		<u>2,173,557</u>	<u>1,662,937</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited Funds Held by Trustee	B-7	<u>925,379</u>	<u>848,243</u>
Total LOSAP		<u>925,379</u>	<u>848,243</u>
Total - All Funds		<u>\$ 3,355,731</u>	<u>\$ 2,753,753</u>
LIABILITIES & RESERVES			
Animal Control Trust Fund:			
Due to the State of NJ	B-2	\$ 2	\$ 1
Reserve for Expenditures	B-3	1,304	1,026
Total Dog License Fund		<u>1,306</u>	<u>1,027</u>
Open Space Trust Fund:			
Reserve for Open Space	B-4	255,489	241,546
Total Open Space Trust		<u>255,489</u>	<u>241,546</u>
Other Trust Fund:			
Due to Board of Education	B	2,321	2,321
Various Reserves	B-6	2,171,236	1,660,616
Total Other Trust		<u>2,173,557</u>	<u>1,662,937</u>
Length of Service Awards Program Fund: (LOSAP) ("LOSAP") - Unaudited Reserve for Length of Service Awards Program	B-8	<u>925,379</u>	<u>848,243</u>
Total LOSAP		<u>925,379</u>	<u>848,243</u>
Total - All Funds		<u>\$ 3,355,731</u>	<u>\$ 2,753,753</u>

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

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**BOROUGH OF POINT PLEASANT
GENERAL CAPITAL FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Cash	C-2	\$ 220,270	\$ 2,168,545
Deferred Charges to Future Taxation:			
Unfunded	C-5	9,058,609	7,289,194
Funded	C-4	13,049,621	15,389,330
 Total		<u>\$ 22,328,500</u>	<u>\$ 24,847,069</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-9	\$ 12,795,000	\$ 15,105,000
Green Acres Loan Payable	C-10	254,621	284,330
Bond Anticipation Notes Payable	C-7	4,680,000	4,680,000
Capital Improvement Fund	C-6	80,152	63,280
Improvement Authorizations:			
Unfunded	C-8	2,206,505	2,000,601
Funded	C-8	1,471,400	1,669,366
Reserve for Encumbrances	C-8	756,508	963,678
Reserve for Payment of Debt	C	18,604	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	30,710	27,210
 Total		<u>\$ 22,328,500</u>	<u>\$ 24,847,069</u>

There were bonds and notes authorized but not issued on December 31, 2014 of \$4,378,609 and on December 31, 2013 was \$2,609,194.

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**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	2014	2013
Operating Fund:			
Cash	D-5	\$ 1,271,984	\$ 1,022,314
Cash - Change Fund	D	300	300
Due From Utility Capital Fund	D	100,000	-
Total		<u>1,372,284</u>	<u>1,022,614</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	686,512	1,007,684
Total Receivable & Other Assets With Full Reserves		<u>686,512</u>	<u>1,007,684</u>
Deferred Charges:			
Emergency Appropriation	D	122,500	-
Community Disaster Loan Program	D	652,147	351,463
Total Deferred Charges		<u>774,647</u>	<u>351,463</u>
Total Operating Fund		<u>2,833,443</u>	<u>2,381,761</u>
Capital Fund:			
Cash	D-5	44,642	1,415,553
Fixed Capital Authorized & Uncompleted	D-12	10,637,245	10,352,895
Fixed Capital	D-13	30,197,184	30,197,184
Total Capital Fund		<u>40,879,071</u>	<u>41,965,632</u>
Total Operating & Capital Fund		<u>\$ 43,712,514</u>	<u>\$ 44,347,393</u>

Bonds and Notes authorized but not issued as of December 31, 2014 was \$4,128,028 and as of December 31, 2013 was \$3,857,895.

**BOROUGH OF POINT PLEASANT
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2014	2013
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,D-9	247,715	\$ 256,799
Community Disaster Loan Payable	D	652,147	351,463
Accounts Payable	D	16,468	2,919
Reserve for Encumbrances	D-4,D-5	171,743	148,743
Consumer Overpayments	D	13,203	7,193
Prepaid Rents	D	5,534	-
Accrued Interest on Bonds & Notes	D-9	69,246	76,404
Subtotal		<u>1,176,056</u>	<u>843,521</u>
Reserve for Receivables	D	686,512	1,007,684
Fund Balance	D-1	<u>970,875</u>	<u>530,556</u>
Total Operating Fund		<u>2,833,443</u>	<u>2,381,761</u>
Capital Fund:			
Serial Bonds	D-17	4,365,000	5,050,000
Bond Anticipation Notes	D-18	1,360,000	1,360,000
Improvement Authorizations:			
Funded	D-16	1,133,022	1,780,580
Unfunded	D-16	1,113,493	3,073,091
Reserves for:			
Amortization	D-15	30,560,585	29,875,585
Deferred Amortization	D-14	420,816	406,599
Encumbrances	D-16	1,652,420	291,825
Capital Improvement Fund	D-11	155,967	110,184
Down Payment on Improvements	D	13,600	13,600
Due to Utility Operating Fund	D-10	100,000	-
Fund Balance	D-2	<u>4,168</u>	<u>4,168</u>
Total Capital Fund		<u>40,879,071</u>	<u>41,965,632</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 43,712,514</u>	<u>\$ 44,347,393</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, 2014 AND 2013**

	2014	2013
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$ -	\$ -
Consumer Accounts Receivable	6,240,513	6,091,268
Interest on Delinquents	47,245	42,954
Miscellaneous	68,179	81,726
Community Disaster Loan Program	300,684	351,463
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	254,382	275,283
 Total Income	 6,911,003	 6,842,694
 Expenditures:		
Operating	5,342,254	5,043,448
Capital Improvements	60,000	60,000
Debt Service	885,930	857,000
Deferred Charges & Statutory Expenditures	305,000	547,357
 Total Expenditures	 6,593,184	 6,507,805
 Excess/Deficit in Revenue	 317,819	 334,889
 Adjustments to Income before Fund Balance:		
Emergency Authorization	122,500	-
 Subtotal	 440,319	 334,889
 Fund Balance January 1	 530,556	 195,667
Less: Balance Appropriated	-	-
 Fund Balance December 31	 \$ 970,875	 \$ 530,556

**STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Balance December 31, 2013	\$ 4,168
Increased by:	
Premium on BAN's	-
Balance December 31, 2014	\$ 4,168

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, 2014**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ -	\$ -	
Rents	6,050,000	6,240,513	\$ 190,513
Interest on Delinquent Accounts	40,000	47,245	7,245
Miscellaneous	80,000	68,179	(11,821)
Community Disaster Loan Program	300,684	300,684	-
	<hr/>		
Total	\$ 6,470,684	\$ 6,656,621	\$ 185,937
	<hr/>		
Miscellaneous			
Tap Fees			\$ 3,695
On/Off Charges			1,400
Readings/Test			9,716
Other			14,758
Meter Sale & Repairs			15,900
Connection Fees			4,800
Road Openings			15,100
Interest on Investments			2,810
			<hr/>
Total Miscellaneous			\$ 68,179
			<hr/>

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, 2014**

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 1,262,244	\$ 1,262,244	\$ 1,180,811	\$ 81,433	\$ -
Other Expenses	1,898,510	1,996,010	1,868,115	127,895	-
Ocean County Utilities Authority	2,084,000	2,084,000	2,053,966	30,034	-
Debt Service:					
Payment of Bond Principal	660,000	685,000	685,000	-	-
Interest on Bonds	179,680	179,680	179,680	-	-
Interest on Notes	21,250	21,250	21,250	-	-
Capital Improvements:					
Downpayment on Improvements	60,000	60,000	60,000	-	-
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	200,000	200,000	194,695	5,305	-
Social Security System (O.A.S.I)	90,000	90,000	86,952	3,048	-
Unemployment Compensation Insurance	15,000	15,000	15,000	-	-
Total Expenditures	\$ 6,470,684	\$ 6,593,184	\$ 6,345,469	\$ 247,715	\$ -
Adopted Budget		\$ 6,470,684			
Budget Emergency		<u>122,500</u>			
Total		<u><u>6,593,184</u></u>			
Cash Disbursements			\$ 6,133,161		
Encumbrances Payable			171,743		
Accrued Interest			<u>40,565</u>		
Total			<u><u>\$ 6,345,469</u></u>		

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

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**BOROUGH OF POINT PLEASANT
COMPARATIVE GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF GENERAL FIXED ASSETS
DECEMBER 31, 2014 AND 2013**

ASSETS	<u>2014</u>	<u>2013</u>
Land	\$ 22,840,500	\$ 22,840,500
Buildings & Improvements	5,350,400	5,350,400
Equipment & Machinery	2,512,814	2,430,050
Vehicles	<u>6,775,563</u>	<u>5,987,675</u>
Total	<u>\$ 37,479,277</u>	<u>\$ 36,608,625</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 37,479,277</u>	<u>\$ 36,608,625</u>

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

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**BOROUGH OF POINT PLEASANT
PAYROLL FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

ASSETS	REFERENCE	<u>2014</u>	<u>2013</u>
Cash - Treasurer	F-1	\$ 132,215	\$ 114,799
Total		<u>\$ 132,215</u>	<u>\$ 114,799</u>
 LIABILITIES			
Payroll Taxes Payable	F-2	\$ 58,307	\$ 11,071
Payroll Reserve		<u>73,908</u>	<u>103,728</u>
Total		<u>\$ 132,215</u>	<u>\$ 114,799</u>

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

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 1. Summary of Significant Accounting Policies

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.

Component Units

The Borough of Point Pleasant had no component units as defined by Governmental Accounting Standards Board Statement No.14.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Point Pleasant contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Point Pleasant accounts for its financial transactions through the use of separate funds which are described as follows:

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.

Water/Sewer Utility Operating and Capital Funds - are used to account for water/sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water/sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water/sewer capital facilities are recorded within the Water/Sewer Utility Capital Fund.

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

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Payroll Fund - is used to account for the payroll activity of all the funds and the disbursements of payroll with holdings to the various cognizant agencies.

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and water/sewer utility funds in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balances - Fund balances included in the current fund and water/sewer utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Ocean and the Point Pleasant Borough School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Point Pleasant Borough School District. Operations are charged for the full amount required to be raised from taxation to operate the regional high school district the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2013 and decreased by the amount deferred at December 31, 2014.

County Taxes - The Borough is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by May 5th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis

Subsequent Events - The Borough of Point Pleasant has evaluated subsequent events occurring after December 31, 2014 through the date of June 27, 2015, which is the date the financial statements were available to be issued.

Volunteer Length of Service Award Plan - 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".

The 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 Borough's financial statements.

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.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 2. Cash

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2014, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 19,107,437
Total Deposits	<u>\$ 19,107,437</u>

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

Current Fund	\$ 15,006,814
State & Federal Grant Fund	1,185
Animal Control Trust	1,281
Open Space Trust	255,489
Trust - Other	2,173,557
General Capital Fund	220,270
Utility Operating Fund	1,271,984
Utility Capital Fund	44,642
Payroll	<u>132,215</u>
Total	<u>\$ 19,107,437</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, 2014, the Township’s bank balance of \$18,975,945 was exposed to custodial credit risk as follows:

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 2. Cash and Cash Equivalents (continued):

Insured	\$	267,995
Uninsured and uncollateralized		2,871,420
Collateralized in the Authority's Name		
Under GUDPA (See Note 4)		15,836,530
 Total	 \$	 18,975,945

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, 2014, 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;

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 3. Investments (continued):

- 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
-
- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2014, 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	\$ 925,379	925,379	<u>\$ 925,379</u>
Total			<u><u>\$ 925,379</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

	2014	2013	2012
Total Tax Rate	<u>\$1.871</u>	<u>\$1.801</u>	<u>\$1.757</u>
Apportionment of Tax Rate:			
Municipal	0.424	0.418	0.405
Municipal Open Space	0.002	0.002	0.001
County	0.412	0.397	0.391
Local School	1.033	0.984	0.960

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 4: Property Taxes (continued):

Net Valuation Taxable:

2014	\$ 3,211,392,070	
2013		\$ 3,214,974,138
2012		\$ 3,250,129,138

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2014	\$ 60,236,252	\$ 58,642,131	97.35%
2013	57,972,061	55,828,445	96.30%
2012	57,901,688	55,828,445	96.42%

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
2014	\$ 19,657	\$ 1,404,053	\$ 1,423,710	2.36%
2013	19,260	1,892,345	1,911,605	3.30%
2012	17,633	1,459,464	1,477,097	2.55%

Note 5. Water/Sewer Utility Service Charges

The following is a three-year comparison of water/sewer utility charges (rents) for the current and previous two years.

WATER/SEWER UTILITY

YEAR ENDED DECEMBER 31	BEGINNING RECEIVABLE	LEVY	TOTAL	CASH COLLECTIONS	COLLECTION PERCENTAGE
2014	\$ 1,007,684.00	\$ 5,791,177.00	\$ 6,798,861.00	\$ 6,112,349.00	89.90%
2013	1,024,210.00	6,084,490.00	7,108,700.00	6,091,268.00	85.69%
2012	1,238,339.00	5,839,103.00	7,077,442.00	6,044,742.00	85.41%

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 6. Interfund Balances

Balances due to/from other funds at December 31, 2014 consist of the following:

	Due From	Due To
Current Fund	\$ 90,924	\$ -
Grant Fund	-	90,924
Utility Operating Fund	100,000	-
Utility Capital Fund	-	100,000
	<u>\$ 190,924</u>	<u>\$ 190,924</u>

The purpose of these interfunds is short-term borrowings.

Note 7. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

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

	December 31, 2013	Accrued/ Increases	Retired/ Decreases	December 31, 2014	Due Within One Year
General Serial Bonds	\$ 15,105,000	\$ -	\$ (2,310,000)	\$ 12,795,000	\$ 1,870,000
Bond Anticipation Notes	4,680,000	4,680,000	(4,680,000)	4,680,000	4,680,000
Green Acres Loan Payable	284,330	-	(29,709)	254,621	30,307
Authorized but Not Issued	2,609,194	1,769,415	-	4,378,609	-
Total	<u>\$ 22,678,524</u>	<u>\$ 6,449,415</u>	<u>\$ (7,019,709)</u>	<u>\$ 22,108,230</u>	<u>\$ 6,580,307</u>

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7. Debt

A. Long Term Debt (continued):

General Capital Fund

Bonds Payable:

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% 1,020,000

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% 11,775,000

Total \$12,795,000

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% \$ 52,083

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% 106,730

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% 95,808

Total \$ 254,621

Water-Sewer Utility Capital Fund

	December 31, 2013	Accrued/ Increases	Retired/ Decreases	December 31, 2014	Due Within One Year
Serial Bonds	\$ 5,050,000	\$ -	\$ (685,000)	\$ 4,365,000	\$ 380,000
Bond Anticipation Notes	1,360,000	1,360,000	(1,360,000)	1,360,000	1,360,000
Authorized but Not Issued	3,857,895	270,133	-	4,128,028	-
Total	<u>\$ 10,267,895</u>	<u>\$ 1,630,133</u>	<u>\$ (2,045,000)</u>	<u>\$ 9,853,028</u>	<u>\$ 1,740,000</u>

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7. Debt (continued):

A. Long Term Debt (continued):

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% \$ 170,000

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% 4,195,000

Total \$ 4,365,000

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	
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	1,100,000	276,100	32,817	2,431	1,411,348
2020-2024	6,940,000	771,000	57,334	6,020	7,774,354
2025-2029	-	-	32,620	2,513	35,133
2030	-	-	6,922	104	7,026
	<u>\$ 12,795,000</u>	<u>\$ 2,480,401</u>	<u>\$ 254,621</u>	<u>\$ 27,131</u>	<u>\$ 15,557,153</u>

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7. Debt (continued):

A. Long-Term Debt (continued)

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

Calender Year	Utility Capital Debt		
	Principal	Interest	Total
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	235,000	123,938	358,938
2020-2024	1,335,000	497,925	1,832,925
2025-2029	1,750,000	217,200	1,967,200
	<u>\$ 4,365,000</u>	<u>\$ 1,409,265</u>	<u>\$ 5,774,265</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.674%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 22,298,000	\$ 22,298,000	\$ -
Water & Sewer Utility	9,853,028	9,853,028	-
General Debt	22,108,231	18,604	22,089,627
	<u>\$ 54,259,259</u>	<u>\$ 32,169,632</u>	<u>\$ 22,089,627</u>

Net Debt, \$22,089,627 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$3,279,342,584 equals .674%.

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.

The Borough issued a BAN for \$6,040,000.00 on September 22, 2014 with an interest rate of .96% with a maturity date of September 21, 2015. The Capital Fund takes \$4,680,000 and the Utility Fund Capital \$1,360,000 in the BAN.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 7. Debt (continued):

B. Short-Term Debt (continued)

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, 2014, the Borough had \$464,509 outstanding in Current Fund special emergency notes. The notes were issued on December 21, 2014 and mature on December 19, 2015 at an interest rate of 1.25%.

Changes in Special Emergency Notes for the Current Fund for the year ended December 31, 2014 are summarized as follows:

Purpose	Balance Dec 31, 2013	Additions	Deductions	Balance Dec 31, 2014
Severance Liabilities	\$ 298,871	\$ -	\$ 99,624	\$ 199,247
Superstorm Sandy	472,012	-	206,750	265,262
Total	\$ 770,883	\$ -	\$ 306,374	\$ 464,509

Tax Anticipation Notes of \$10,000,000.00 were issued on August 27, 2013 were repaid on January 15, 2014 with an interest rate of 1.00%

C. Bonds and Notes Authorized But Not Issued

On December 31, 2014, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$4,378,610
Water/Sewer Capital	4,128,028

Note 8. 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 \$1,419,589 at December 31, 2014 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
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 9. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Year	Balance December 31	Utilized in Budget of Succeeding Year	Percentage of Balance
<u>Current Fund</u>			
2014	\$ 3,595,411.00	*	
2013	\$ 1,623,939.00	\$ 100,000.00	6%
2012	\$ 677,493.00	-	0%
<u>Water/Sewer Fund</u>			
2014	\$ 970,875.00	*	
2013	\$ 530,556.00	\$ 122,500.00	23%
2012	\$ 195,667.00	-	0%

* 2015 Budget has not been adopted by date report issued

Note 10. 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,	2014	2013
Prepaid Taxes	<u>\$518,942</u>	<u>\$524,541</u>

Note 11. 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.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 11. Assessments and Collection of Property Taxes (continued):

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

Note 12. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance Dec 31, 2014	2015 Budget Appropriation
Current Fund:		
Community Disaster Loan Program	\$ 3,820,000	\$ -
Special Emergency Authorizations	\$ 464,509	\$ 306,374
Utility Operating Fund:		
Community Disaster Loan Program	\$ 652,147	\$ -
Emergency Appropriation	\$ 122,500	\$ 122,500

Note 13. 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.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

A. Plan Description (continued):

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.

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 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

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

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

C. Significant Legislation (continued):

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

P.F.R.S. for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

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

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

D. Contribution Requirements

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

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, 2014, 2013 and 2012 were \$243,048, \$247,060, and \$286,600, respectively, equal to the required contributions for each year and to P.F.R.S. for the years ending December 31, 2014, 2013 and 2012 were \$719,293, \$787,458, and \$800,653, respectively, equal to the required contributions for each year.

Note 14. 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
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 15. 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 16. 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, 2014	Balance December 31, 2013
Tax Payable	\$ 9,538,823	\$ 8,773,471
Deferred	<u>7,048,707</u>	<u>7,048,707</u>
Total Unpaid School Taxes	<u>\$16,587,530</u>	<u>\$15,822,178</u>

Note 17. 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, 2014, the Borough estimates that no material liabilities will result from such audits.

**BOROUGH OF POINT PLEASANT
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 17. 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 18. 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,

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Note 18. 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 19. 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
COUNTY OF OCEAN, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note 19. 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 20. 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 \$4,472,147 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.

Note 21. Subsequent Event

On January 20, 2015 the Township adopted an ordinance appropriating \$122,500 for various capital improvements to water and sewer utility line on Arnold Avenue and authorizing the issuance of \$116,375 in general improvement bonds or notes to finance same.