

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2014

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

with

INDEPENDENT AUDITOR'S REPORTS

and

COMMENTS AND RECOMMENDATIONS

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Surf City
County of Ocean
Surf City, New Jersey 07302

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 Surf City, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Borough of Surf City 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 preceding 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 Surf City, 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 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 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 60.75% and 58.94% 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 Surf City, 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 Matters

Report on Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2015, on our consideration of the Borough of Surf City'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 Surf City's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

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

June 21, 2015
Medford, New Jersey

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

Honorable Mayor and Members
of the Borough Council
Borough of Surf City
County of Ocean
Surf City, New Jersey 07302

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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements- regulatory basis of the Borough of Surf City as of and for the fiscal year ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated June 19, 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. 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 financials 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. 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

June 21, 2015
Medford, New Jersey

BASIC FINANCIAL STATEMENTS

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CURRENT FUND

EXHIBITS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

Assets	Reference	2014	2013	Liabilities, Reserves and Fund Balance	Reference	2014	2013
Cash - Treasurer	1-A	\$ 6,305,454.53	\$ 5,925,581.56		A-3,6-A	\$ 896,727.61	\$ 914,392.99
Cash - Change Funds	A	600.00	750.00	Appropriation Reserves	8-A	85,435.99	69,106.68
Investment - Bond Anticipation Notes	C	350,000.00	400,000.00	Encumbrances Payable	9-A	5,773.37	40,604.20
Due from State for Exemptions	2-A	3,775.10	4,775.10	Accounts Payable	10-A	3,108.08	63.86
		6,659,829.63	6,331,106.66	Tax Overpayments	11-A	224,722.06	214,679.87
				Prepaid Taxes	13-A	184,829.73	174,902.73
Receivables With Full Reserves:				Local District School Tax Payable	14-A	1,350,124.36	1,353,676.04
Taxes Receivable	3-A	183,281.80	190,113.54	Regional School Tax Payable			
Tax Title Liens Receivable	4-A	669.08	629.84	Due To:			
Property Acquired for Taxes - Assessed Value	A	4,725.00	4,725.00	Federal & State Grant Fund	9-A	19,742.83	19,227.16
Revenue Accounts Receivable	5-A	2,042.70	1,456.34	Capital Fund	C	46,663.48	-
Accounts Receivable	A	1,512.92	746.94	Trust Other Fund	B	80,782.97	88,566.86
Due From Dog License Fund	B	151.49	124.40	Utility Operating Fund	D	44,113.94	-
Due from Capital Fund	C	-	88.76	County for Added Tax	12-A	43,610.12	17,295.74
Due from Water/Sewer Utility Fund	D	-	50.17	Reserve for Hurricane Expense	18-A	76,973.20	83,123.20
		192,382.99	197,934.99	Reserve for Hurricane Sandy - FEMA receipts	18-A	13,521.24	226,372.67
				Reserve for Library Aid	18-A	14.00	14.00
Deferred Charges:							
Special Emergency Authorizations	7-A	23,627.33	240,000.00	Federal and State Grant Fund:			
		6,875,839.95	6,769,041.65	Encumbrances Payable	16-A	2,155.06	-
				Reserve for Grant Expenditures:			
Federal and State Grant Fund:				Appropriated	16-A	-	9,100.81
Grant Receivable	15-A	-	8,587.40	Unappropriated	17-A	17,587.77	18,713.75
Due From Current Fund	A	19,742.83	19,227.16				
		19,742.83	27,814.56	Total Liabilities, Reserves and Fund Balance		19,742.83	27,814.56
Total Assets		\$ 6,895,582.78	\$ 6,796,856.21			\$ 6,895,582.78	\$ 6,796,856.21

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,332,500.00	\$ 1,332,500.00
Miscellaneous Revenue Anticipated	A-2	1,106,884.83	839,135.57
Receipts From Delinquent Taxes	A-2	187,846.55	348,362.69
Non-Budget Revenue	A-2	321,810.84	184,699.25
Receipts From Current Taxes	3-A	14,719,626.22	14,215,280.43
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	6-A	788,390.22	565,248.16
Prior Years Interfunds Returned	A-1	242.99	-
Accounts Payable Cancelled	A-1	8,437.20	350.54
		<hr/>	<hr/>
Total Revenues		18,465,738.85	17,485,576.64
<hr/>			
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,472,734.00	2,340,200.00
Other Expenses	A-3	2,232,699.31	2,204,800.00
Deferred Charges and Statutory			
Expenditures	A-3	426,166.69	408,600.00
Appropriations Excluded From "CAPS":			
Other Expenses	A-3	100,053.45	82,896.25
Capital Improvements	A-3	408,500.00	419,500.00
Deferred Charges	A-3	312,935.26	72,622.77
County Taxes	12-A	6,558,207.62	6,256,066.94
County Share of Added Taxes	12-A	43,610.12	17,295.74
Local District School Tax	13-A	713,458.00	693,604.00
Regional High School Tax	14-A	3,625,148.00	3,639,353.00
Interfunds Advances	A	11,493.08	13,228.60
		<hr/>	<hr/>
Total Expenditures		16,905,005.53	16,148,167.30
<hr/>			
Excess in Revenue		1,560,733.32	1,337,409.34
Add: Expenditures Included Above Which Are			
By Statute Deferred Charges To Budgets of			
Succeeding Years		10,000.00	-
		<hr/>	<hr/>
Statutory Excess To Fund Balance		1,570,733.32	1,337,409.34
Fund Balance, January 1	A	3,369,080.66	3,364,171.32
		<hr/>	<hr/>
		4,939,813.98	4,701,580.66
Decreased By:			
Utilized as Anticipated Revenue	A-2	1,332,500.00	1,332,500.00
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 3,607,313.98	\$ 3,369,080.66
		<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	BUDGET	REALIZED	EXCESS/ (DEFICIT)
Fund Balance Anticipated	\$ 1,332,500.00	\$ 1,332,500.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcohol Beverages	1,400.00	1,400.00	-
Fees & Permits	10,000.00	14,977.00	4,977.00
Interest & Costs on Taxes	23,798.00	42,923.16	19,125.16
Beach Badge Fees	450,000.00	541,730.00	91,730.00
Energy Receipts Taxes	164,430.00	164,430.00	-
Uniform Construction Code Fees	58,000.00	72,880.00	14,880.00
FY2014 966 Reimbursement Program	23,458.05	23,458.05	-
Clean Communities Program	10,538.87	10,538.87	-
Body Armor Replacement Fund	1,641.65	1,641.65	-
Reserve for Hurricane Sandy Aid Recovered	226,372.67	226,372.67	-
Recycling Tonnage Grant	6,533.43	6,533.43	-
	<u>976,172.67</u>	<u>1,106,884.83</u>	<u>130,712.16</u>
Receipts From Delinquent Taxes	<u>142,500.00</u>	<u>187,846.55</u>	<u>45,346.55</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>3,907,000.00</u>	<u>4,149,202.48</u>	<u>242,202.48</u>
Budget Totals	6,358,172.67	6,776,433.86	418,261.19
Non-Budget Revenue	<u>-</u>	<u>321,810.84</u>	<u>321,810.84</u>
	<u>\$ 6,358,172.67</u>	<u>\$ 7,098,244.70</u>	<u>\$ 740,072.03</u>

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

Analysis of Realized Revenue

Allocation of Current Tax Collection:	
Revenue From Collections	\$ 14,719,626.22
Allocated To School and County Taxes	<u>10,940,423.74</u>
Balance for Support of Municipal Budget	3,779,202.48
Add:	
Appropriation Reserve for Uncollected Taxes	<u>370,000.00</u>
Balance for Support of Municipal Budget Appropriations	<u>\$ 4,149,202.48</u>
Delinquent Taxes:	
Taxes Receivable	<u>\$ 187,846.55</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

Analysis of Non-Budget Revenue

Miscellaneous revenue not anticipated:

Revenue Accounts Receivable:

Municipal Court Fines & Costs	\$ 39,885.16	
Interst on Investments & Savings	6,352.89	
Vendors' Licenses	6,000.00	
	<u>6,000.00</u>	<u>\$ 52,238.05</u>
T.V. Cable Franchise Fee	19,053.13	
Zoning/Planning/Occupancy fees	5,010.00	
Land Use Board Reimbursement and Fees	9,836.06	
Insurance Refunds & Claims	212,342.95	
Miscellaneous	9,232.17	
Auction Proceeds	1,865.11	
Recycling Receipts	12,233.37	
	<u>12,233.37</u>	<u>269,572.79</u>
		<u>\$ 321,810.84</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED			CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	
General Appropriations						
Operations - Within "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 59,100.00	\$ 59,100.00	\$ 53,996.92	\$ -	\$ 5,103.08	\$ -
Other Expenses	20,000.00	7,415.06	6,969.64	135.80	309.62	-
Human Resources						
Other Expenses	7,500.00	7,500.00	-	-	7,500.00	-
Mayor and Council						
Salaries & Wages	47,434.00	47,434.00	45,263.52	-	2,170.48	-
Other Expenses	5,000.00	5,000.00	2,292.02	-	2,707.98	-
Municipal Clerk						
Salaries & Wages	89,200.00	89,200.00	79,812.04	-	9,387.96	-
Other Expenses	14,000.00	14,000.00	7,890.79	650.55	5,458.66	-
Financial Administration						
Salaries & Wages	86,800.00	86,800.00	73,964.54	-	12,835.46	-
Other Expenses	13,000.00	13,000.00	10,852.70	337.00	1,810.30	-
Audit Services						
Other Expenses - Annual Audit	15,000.00	25,000.00	25,000.00	-	-	-
Collection of Taxes						
Salaries & Wages	37,200.00	37,200.00	24,303.70	-	12,896.30	-
Other Expenses	11,000.00	11,000.00	8,613.09	173.92	2,212.99	-
Assessment of Taxes						
Salaries & Wages	7,900.00	7,900.00	2,879.28	-	5,020.72	-
Other Expenses	34,000.00	34,000.00	6,695.90	-	27,304.10	-
Legal Services						
Other Expenses	15,000.00	15,000.00	11,583.61	-	3,416.39	-
Engineering Services						
Other Expenses	10,000.00	10,000.00	6,370.57	-	3,629.43	-
Municipal Court						
Salaries & Wages	59,900.00	59,900.00	53,753.39	-	6,146.61	-
Other Expenses	8,300.00	8,300.00	4,994.41	25.00	3,280.59	-
Public Defender						
Other Expenses	1,800.00	1,800.00	-	-	1,800.00	-
Land Use Administration:						
Land Use Board						
Salaries & Wages	13,000.00	13,000.00	1,534.79	-	11,465.21	-
Other Expenses	14,500.00	14,500.00	1,258.12	460.98	12,780.90	-
Code Enforcement & Administration:						
Other Code Enforcement Functions						
Salaries & Wages	7,200.00	7,200.00	7,091.04	-	108.96	-
Other Expenses	3,000.00	3,000.00	-	-	3,000.00	-

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED			
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Insurance:						
General Liability	70,000.00	70,000.00	64,777.13	-	5,222.87	-
Workers Compensation	112,000.00	112,000.00	102,490.03	-	9,509.97	-
Employee Group Health	790,000.00	790,000.00	760,041.53	-	29,958.47	-
Health Benefit Waiver						
Salaries & Wages	15,000.00	15,000.00	7,500.00	-	7,500.00	-
Public Safety Functions:						
Police Department						
Salaries & Wages	1,218,200.00	1,193,200.00	1,067,494.33	-	125,705.67	-
Other Expenses	75,000.00	100,000.00	32,550.27	35,484.20	31,965.53	-
Police Dispatch/911						
Other Expenses	52,000.00	52,000.00	50,000.00	-	2,000.00	-
Office of Emergency Management						
Salaries & Wages	3,100.00	3,100.00	3,000.00	-	100.00	-
Other Expenses	4,000.00	5,800.00	4,362.77	-	1,437.23	-
Aid to Volunteer Fire Company	25,000.00	25,000.00	25,000.00	-	-	-
Fire Hydrant Service	75,000.00	100,000.00	100,000.00	-	-	-
Municipal Prosecutor's Office						
Other Expenses	8,500.00	8,500.00	7,791.63	708.37	-	-
Public Work Functions:						
Streets and Road Maintenance						
Salaries & Wages	90,700.00	90,700.00	65,482.25	-	25,217.75	-
Other Expenses	35,000.00	35,000.00	9,271.26	1,043.50	24,685.24	-
Solid Waste Collection						
Salaries & Wages	262,900.00	262,900.00	207,898.63	-	55,001.37	-
Other Expenses	27,000.00	27,000.00	7,138.46	298.99	19,562.55	-
Building and Grounds						
Salaries & Wages	129,400.00	129,400.00	110,137.34	-	19,262.66	-
Other Expenses	63,000.00	63,000.00	28,252.44	26,005.48	8,742.08	-
Vehicle Maintenance (Incl. Police Vehicles)						
Salaries & Wages	31,000.00	31,000.00	26,732.21	-	4,267.79	-
Other Expenses	92,000.00	92,000.00	46,496.69	9,290.99	36,212.32	-
Health & Human Services Functions:						
Board of Health						
Salaries & Wages	2,700.00	2,700.00	2,020.00	-	680.00	-
Other Expenses	58,000.00	58,000.00	53,535.75	-	4,464.25	-
Environmental Health Services						
Salaries & Wages	5,100.00	5,100.00	4,856.25	-	243.75	-
Other Expenses	1,800.00	1,800.00	545.00	-	1,255.00	-
Animal Control Services						
Other Expenses	9,200.00	9,200.00	6,720.00	672.00	1,808.00	-
Contributions to Social Service Agencies						
Senior Citizen Center (NJS 40:48-9.4)	5,000.00	5,000.00	-	-	5,000.00	-
Health Care Facilities (NJS 44:5-2)	100.00	100.00	-	-	100.00	-
Mental Health Facilities (NJS 40:48-9.4a)	100.00	100.00	-	-	100.00	-

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED				CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED		
Recreation of Services and Programs							
Salaries & Wages	5,800.00	5,800.00	4,840.25	-	959.75	-	
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	-	
Maintenance of Parks							
Salaries & Wages	32,300.00	32,300.00	27,234.74	-	5,065.26	-	
Other Expenses - Veterans' Memorial Park	4,000.00	4,000.00	1,459.90	-	2,540.10	-	
Other Expenses - Other Facilities	3,000.00	3,000.00	1,125.50	108.98	1,765.52	-	
Beach & Boardwalk Operations							
Salaries & Wages	304,800.00	279,800.00	241,350.30	-	38,449.70	-	
Other Expenses	55,000.00	55,000.00	32,225.70	5,349.16	17,425.14	-	
Other Common Operating Functions (Unclassified)							
Municipal Bus Service							
Other Expenses	10,000.00	10,000.00	10,000.00	-	-	-	
Accumulated Leave Compensation							
Salaries & Wages	6,000.00	6,000.00	6,000.00	-	-	-	
Celebration of Public Events							
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-	
Utility Expenses & Bulk Purchases							
Electricity	25,000.00	25,000.00	17,180.92	545.07	7,274.01	-	
Street Lighting	40,000.00	40,000.00	35,678.53	-	4,321.47	-	
Telephone	24,000.00	24,000.00	22,581.78	-	1,418.22	-	
Gas (natural or propane)	15,000.00	15,000.00	12,913.37	-	2,086.63	-	
Telecommunications	5,500.00	5,500.00	2,154.73	-	3,345.27	-	
Gasoline	92,000.00	92,000.00	69,498.88	3,978.06	18,523.06	-	
Landfill/Solid Waste Disposal Costs:							
Landfill/Solid Waste Disposal Costs	180,000.00	180,000.00	152,154.07	-	27,845.93	-	
Other Expenses							
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17)							
Salaries & Wages	8,000.00	8,000.00	7,166.35	-	833.65	-	
Other Expenses	48,184.25	48,184.25	26,351.35	167.94	21,664.96	-	
Contingent	4,000.00	4,000.00	-	-	4,000.00	-	
Total Operations Including Contingent Within CAPS	4,706,218.25	4,705,433.31	3,899,130.41	85,435.99	720,866.91	-	
Detail:							
Salaries & Wages	2,522,734.00	2,472,734.00	2,124,311.87	-	348,422.13	-	
Other Expenses	2,183,484.25	2,232,699.31	1,774,818.54	85,435.99	372,444.78	-	
	4,706,218.25	4,705,433.31	3,899,130.41	85,435.99	720,866.91	-	

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED			
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Deferred Charges & Statutory Expenditures - Within CAPS:						
Emergency Authorizations						
Prior Years Bills						
Borough of Beach Haven - 2012	1,815.75	1,815.75	1,815.75	-	-	-
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	55,653.00	56,700.45	56,700.45	-	-	-
Social Security System (O.A.S.I.)	190,000.00	190,000.00	152,974.00	-	37,026.00	-
Police and Firemen's Retirement System of NJ	157,424.00	167,161.49	167,161.49	-	-	-
Unemployment Insurance	8,000.00	8,000.00	7,799.11	-	200.89	-
Defined Contribution Retirement Program	2,489.00	2,489.00	818.34	-	1,670.66	-
Total Statutory Expenditures Within CAPS	415,381.75	426,166.69	387,269.14	-	38,897.55	-
Total General Appropriations Within CAPS	5,121,600.00	5,131,600.00	4,286,399.55	85,435.99	759,764.46	-
Operations Excluded from CAPS:						
Length of Service Awards Program (L.O.S.A.P.)						
Other Expenses	51,200.00	51,200.00	-	-	51,200.00	-
Other Expenses	7,300.00	7,300.00	5,320.83	-	1,979.17	-
FY2014 966 Reimbursement Program:						
Other Expenses	23,458.05	23,458.05	22,839.50	-	-	618.55
Public & Private Programs Offset by Revenues:						
Clean Communities Program	10,538.87	10,538.87	10,538.87	-	-	-
Body Armor Replacement Fund	1,641.65	1,641.65	1,641.65	-	-	-
Recycling Tonnage Grant	6,533.43	6,533.43	6,533.43	-	-	-
State & Federal Programs - Local Match	2,228.18	2,228.18	-	-	-	2,228.18
Total Operations Excluded from CAPS	102,900.18	102,900.18	46,874.28	-	53,179.17	2,846.73
Detail:						
Other Expenses	102,900.18	102,900.18	46,874.28	-	53,179.17	2,846.73
Capital Improvements - Excluded from CAPS:						
Capital Improvement Fund	60,000.00	60,000.00	60,000.00	-	-	-
Rehabilitation of Borough Property	32,000.00	32,000.00	9,150.00	-	22,850.00	-
Reserve for Purchase of Lifeguard Boat	1,500.00	1,500.00	1,500.00	-	-	-
Reserve for Rehabilitation of Public Works Facility	150,000.00	150,000.00	150,000.00	-	-	-
Reserve for Resurfacing of Roads	100,000.00	100,000.00	100,000.00	-	-	-
Purchase of Computer Hardware	5,000.00	5,000.00	4,066.02	-	933.98	-
Improvements to Recreation Areas	60,000.00	60,000.00	-	-	60,000.00	-
Total Capital Improvements	408,500.00	408,500.00	324,716.02	-	83,783.98	-

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS		EXPENDED			
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Municipal Debt Service - Excluded from CAPS: Interest of Notes	25,000.00	25,000.00	-	-	-	25,000.00
Total Municipal Debt Services	25,000.00	25,000.00	-	-	-	25,000.00
Deferred Charges - Municipal - Excluded from CAPS Emergency Authorizations						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	226,372.67	226,372.67	226,372.67	-	-	-
Deferred Charges to Future Taxation - Unfunded: Beach Replenishment	572.50	572.50	572.50	-	-	-
Reconstruction & Resurfacing Various Streets	92,838.11	92,838.11	76,500.00	-	-	16,338.11
Removal of Underground Diesel Storage Tank	8,740.09	8,740.09	8,740.09	-	-	-
Replacement of Bulkheads	1,649.12	1,649.12	750.00	-	-	899.12
Total Deferred Charges	330,172.49	330,172.49	312,935.26	-	-	17,237.23
Total General Appropriations Excluded from CAPS	866,572.67	866,572.67	684,525.56	-	136,963.15	45,083.96
Subtotal General Appropriations	5,988,172.67	5,998,172.67	4,970,925.11	85,435.99	896,727.61	45,083.96
Reserve for Uncollected Taxes	370,000.00	370,000.00	370,000.00	-	-	-
Total General Appropriations	\$ 6,358,172.67	\$ 6,368,172.67	\$ 5,340,925.11	\$ 85,435.99	\$ 896,727.61	\$ 45,083.96
Budget		\$ 6,358,172.67				
Emergency Appropriation		10,000.00				
		\$ 6,368,172.67				
Federal & State Grants			\$ 41,553.45			
Deferred Charges:						
Special Emergency Authorizations			312,935.26			
Refunds			(97,994.49)			
Reserve for Uncollected Taxes			370,000.00			
Cash			4,714,430.89			
			\$ 5,340,925.11			

TRUST FUND

EXHIBIT

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

<u>Assets</u>	<u>2014</u>	<u>2013</u>	<u>Reserves</u>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Animal Control Fund:			Animal Control Fund:			
Cash	\$ 485.84	\$ 457.20	Due Current Fund	4-B	\$ 151.49	\$ 124.40
	<u>485.84</u>	<u>457.20</u>	Reserve for Dog Fund Expenditures	5-B	<u>334.35</u>	<u>332.80</u>
Trust - Other Fund:					<u>485.84</u>	<u>457.20</u>
Cash	311,647.59	242,472.52				
Due from Current Fund	80,782.97	88,566.86	Trust - Other Fund:			
Due from Water/Sewer Operating Fund	-	42,382.09	Various Reserves	6-B	<u>392,430.56</u>	<u>373,421.47</u>
	<u>392,430.56</u>	<u>373,421.47</u>			<u>392,430.56</u>	<u>373,421.47</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:						
Investments	611,731.38	536,599.81	Length of Service Award Program Fund ("LOSAP") - Unaudited:			
	<u>611,731.38</u>	<u>536,599.81</u>	Miscellaneous Reserves	8-B	<u>611,731.38</u>	<u>536,599.81</u>
Total Assets	<u>\$ 1,004,647.78</u>	<u>\$ 910,478.48</u>	Total Reserves		<u>\$ 1,004,647.78</u>	<u>\$ 910,478.48</u>

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GENERAL CAPITAL FUND

EXHIBITS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

<u>Assets</u>	<u>Reference</u>	<u>2014</u>	<u>2013</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash				Improvement Authorizations:			
Due (From)/To Current Fund	1-C	\$ 1,600,572.97	\$ 1,403,335.93	Funded	5-C	\$ 195,199.75	\$ 95,478.49
Deferred Charges To Future Taxation:	3-C	46,663.48	-	Unfunded	5-C	1,328,771.71	874,191.28
Unfunded	4-C	1,559,803.51	977,991.10	Due (From)/To Current Fund	3-C	-	88.76
Total Assets		<u>\$ 3,207,039.96</u>	<u>\$ 2,381,327.03</u>	Capital Improvement Fund	6-C	807,932.50	787,932.50
				Reserve for Debt Service	7-C	36,683.33	36,683.33
				Reserve for Purchase of Lifeguard Boat	7-C	6,000.00	4,500.00
				Reserve for Rehabilitation of DPW Facilities	7-C	450,000.00	300,000.00
				Reserve for Resurfacing of Roads	7-C	300,000.00	200,000.00
				Capital Fund Balance	C-1	82,452.67	82,452.67
				Total Liabilities, Reserves and Fund Balance		<u>\$ 3,207,039.96</u>	<u>\$ 2,381,327.03</u>

There were bonds and notes authorized but not issued on December 31, 2014 of \$1,559,803.51 and on December 31, 2013 was \$977,991.10.

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

Balance, December 31, 2014 and 2013

\$ 82,452.67

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

WATER-SEWER UTILITY FUND

EXHIBITS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

<u>Assets</u>	<u>Reference</u>	<u>2014</u>	<u>2013</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Operating Fund:				Operating Fund:			
Cash	1-D	\$ 1,305,890.04	\$ 1,254,358.84	Accounts Payable	10-D	\$ 14,393.66	\$ 8,681.52
Change Fund	D	250.00	250.00	Encumbrances Payable	7-D	44,078.20	12,218.41
Due from Utility Capital Fund	D	20.97	15.88	Appropriation Reserves	D-3,6-D	423,441.69	356,862.15
Due from Current Fund	A	44,113.94	-	Due to Current Fund	A	-	50.17
				Due to Trust-Other Fund	B	-	42,382.09
		1,350,274.95	1,254,624.72	Prepaid Rents	8-D	4,246.38	4,464.40
				Accrued Interest on Bonds	9-D	-	2,808.90
Water/Sewer Rents Receivable	3-D	36,216.90	59,363.69			486,159.93	427,467.64
Total Operating Fund		1,386,491.85	1,313,988.41	Reserve for Water/Sewer Rents Receivables		36,216.90	59,363.69
				Operating Fund Balance	D	864,115.02	827,157.08
Capital Fund:				Total Operating Fund		1,386,491.85	1,313,988.41
Cash	1-D	361,546.08	286,795.99	Capital Fund:			
Fixed Capital	4-D	7,340,515.30	7,328,890.32	Serial Bonds	12-D	-	119,000.00
Fixed Capital - Authorized and Incomplete	5-D	664,483.13	664,738.13	Bond Anticipation Notes	11-D	350,000.00	400,000.00
Total Capital Fund		8,366,544.51	8,280,424.44	Due To Utility Operating Fund	D	20.97	15.88
				Capital Improvement Fund	14-D	399,565.51	374,565.51
				Improvement Authorizations Unfunded		664,483.13	664,738.13
				Reserve for Amortization	15-D	6,944,998.43	6,714,628.45
				Capital Fund Balance	D-1(a)	7,476.47	7,476.47
		\$ 9,753,036.36	\$ 9,594,412.85	Total Capital Fund		8,366,544.51	8,280,424.44
				Total Liabilities, Reserves and Fund Balances		\$ 9,753,036.36	\$ 9,594,412.85

There were bonds and notes authorized but not issued on December 31, 2014 of \$710,000.00 and on December 31, 2013 was \$760,000.00.

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized:			
Fund Balance Anticipated	D-2	\$ 665,000.00	\$ 607,000.00
Water/Sewer Rents	D-2	1,664,963.94	1,674,307.85
Fire Hydrant Service	D-2	111,270.00	111,270.00
Miscellaneous Revenues Not Anticipated	D-2	85,464.43	72,918.75
Other Credits to Income:			
Accounts Payable Cancelled	10-D	-	1,022.75
Appropriation Reserves Lapsed	6-D	352,024.92	273,145.31
		<u>2,878,723.29</u>	<u>2,739,664.66</u>
Total Revenues			
Expenditures:			
Budget Appropriations:			
Operating	D-3	1,789,200.00	1,668,000.00
Capital Improvements	D-3	100,000.00	100,000.00
Debt Service	D-3	169,255.35	176,386.00
Deferred Charges and Statutory Expenditures	D-3	118,310.00	112,400.00
Refund of Prior Year Revenue	1-D	-	5,000.00
		<u>2,176,765.35</u>	<u>2,061,786.00</u>
Total Expenditures			
Excess in Revenue		701,957.94	677,878.66
Fund Balance, January 1	D	<u>827,157.08</u>	<u>756,278.42</u>
		1,529,115.02	1,434,157.08
Decreased By:			
Utilized as Anticipated Revenue	D-1	<u>665,000.00</u>	<u>607,000.00</u>
Fund Balance, December 31	D	<u>\$ 864,115.02</u>	<u>\$ 827,157.08</u>

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	
Balance, December 31, 2014 and 2013	D	<u>\$ 7,476.47</u>

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Surplus Anticipated	\$ 665,000.00	\$ 665,000.00	\$ -
Water Rents	750,000.00	875,638.03	125,638.03
Sewer Rents	750,000.00	789,325.91	39,325.91
Fire Hydrant Service	41,210.00	111,270.00	70,060.00
	<u>\$ 2,206,210.00</u>	<u>\$ 2,441,233.94</u>	<u>\$ 235,023.94</u>

Analysis of Miscellaneous Revenue

Tower Rent for Cellular Antennae	\$ 70,191.00
Shut-Off Fees	6,939.70
Tap Fees	2,200.00
Interest on Delinquents	5,021.39
Interest on Investments	881.35
	<u>85,233.44</u>
Interest Earned in Utility Capital Fund	<u>230.99</u>
	<u>\$ 85,464.43</u>

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

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014**

	APPROPRIATIONS			PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION					
Operating:	\$ 389,200.00	\$ 389,200.00	\$ 319,310.24	\$ -	\$ 69,889.76	\$ -	
Salaries and Wages	1,400,000.00	1,400,000.00	1,082,127.08	44,078.20	273,794.72	-	
Other Expenses							
Total Operating	1,789,200.00	1,789,200.00	1,401,437.32	44,078.20	343,684.48	-	
Capital Improvements:							
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-	
Capital Outlay	75,000.00	75,000.00	11,369.98	-	63,630.02	-	
Total Capital Improvements	100,000.00	100,000.00	36,369.98	-	63,630.02	-	
Debt Service:							
Payment of Bond Principal	119,000.00	119,000.00	119,000.00	-	-	-	
Payment of Bond Anticipation Notes	50,000.00	50,000.00	50,000.00	-	-	-	
Interest on Bonds	4,700.00	4,700.00	255.35	-	-	4,444.65	
Interest on Notes	25,000.00	25,000.00	-	-	-	25,000.00	
Total Debt Service	198,700.00	198,700.00	169,255.35	-	-	29,444.65	
Deferred Charges & Statutory Expenditures:							
Deferred Charges:							
Costs of Improvements Authorized:							
Improvements to Water/Sewer System	50,000.00	50,000.00	50,000.00	-	-	-	
Total Deferred Charges	50,000.00	50,000.00	50,000.00	-	-	-	
Statutory Expenditures:							
Contribution To:							
Public Employees' Retirement System	33,392.00	33,392.00	33,392.00	-	-	-	
Social Security System (O.A.S.I.)	30,000.00	30,000.00	17,861.74	-	12,138.26	-	
Defined Contribution Retirement Plan	718.00	718.00	-	-	718.00	-	
Unemployment Compensation Insurance	4,200.00	4,200.00	929.07	-	3,270.93	-	
Total Statutory Expenditures	68,310.00	68,310.00	52,182.81	-	16,127.19	-	
Total Water/Sewer Utility Fund Appropriations	\$ 2,206,210.00	\$ 2,206,210.00	\$ 1,709,245.46	\$ 44,078.20	\$ 423,441.69	\$ 29,444.65	
Cash Disbursements							
Refunds			\$ (42,773.55)				
			<u>1,752,019.01</u>				
			<u>\$ 1,709,245.46</u>				

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

EXHIBIT

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -
REGULATORY BASIS
DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	BALANCE DECEMBER 31, <u>2014</u>	BALANCE DECEMBER 31, <u>2013</u>
Land	1-E	\$ 748,506.36	\$ 748,506.36
Land Improvements	1-E	721,025.62	711,875.62
Buildings and Improvements	1-E	554,904.35	527,998.83
Machinery and Equipment	1-E	<u>2,123,471.19</u>	<u>1,966,266.68</u>
Total General Fixed Assets		<u>\$ 4,147,907.52</u>	<u>\$ 3,954,647.49</u>
Investment in General Fixed Assets	E	<u>\$ 4,147,907.52</u>	<u>\$ 3,954,647.49</u>

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

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BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY

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

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BOROUGH OF SURF CITY

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Borough of Surf City was incorporated under the laws of the State of New Jersey. The financial statements of the reporting entity include those of the Borough of Surf City only and no other component units.

Descriptions of Funds

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division"). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds:

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

Current Fund – The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water and Sewer Operating and Capital Funds – resources for government utility operations, including Federal and State grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group – used to account for fixed assets used in general government operations.

Basis of Accounting

The modified accrual basis of accounting is followed, with minor exceptions. Modifications from the accrual basis follow:

Revenues – are recorded as received in cash except for certain amounts, which may be due from the State of New Jersey or the federal government as grants. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves and recorded as revenue when received.

BOROUGH OF SURF CITY

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

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a liability in the financial statements and constitute part of the Township’s statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balance are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled 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. 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.

Foreclosed Property – is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds – 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.

Insurance – costs of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase. No depreciation has been recorded. Fixed Assets acquired through grants in and/or contributed capital has not been accounted for separately. Fixed Assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is valued at estimated market value.

Property and Equipment purchased by the Water and Sewer utility Fund are recorded in the capital account at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization are an accumulation of charges to operations for the costs of acquisitions of property, equipment and improvements. The utility fund does not record depreciation on fixed assets.

Accrued Sick and Vacation Benefits (Compensated Absences) – the Borough has permitted employees to accrue unused vacation and sick pay, to a limited extent, which may be paid upon retirement at an agreed upon rate. The Borough’s policy is to pay this out of current budgets when due. It is estimated that the current cost of such unpaid compensation is not considered material, and is not included in these financial statements.

The amount of accrual for compensated absences as of December 31, 2014 is \$124,737.54.

BOROUGH OF SURF CITY

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

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

Property Taxes – Property taxes are an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year.

Investments – Investments are stated at fair value.

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

Budgets - the governing body prepares and approves by resolution an operating and capital budget for the Current Fund, which is then submitted for certification by the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Council subsequent to October 31st.

District School Taxes – Regulations provided for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

Subsequent Events

The Borough has evaluated subsequent events occurring after December 31, 2014 through the date of June 19, 2015, which is the date the financial statements were available to be issued.

Note 2. Cash

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

Type	Carrying Value
Deposits	
Demand Deposits	\$ 9,885,597.05
Total Deposits	<u>\$ 9,885,597.05</u>

BOROUGH OF SURF CITY

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

Note 2. Cash (continued):

Type	Carrying Value
The Borough's Cash is Reported as Follows:	
Current Fund	\$ 6,305,454.53
Trust Other Fund	311,647.59
Animal Control Fund	485.84
Capital Fund	1,600,572.97
Utility Operating Fund	1,305,890.04
Utility Capital Fund	<u>361,546.08</u>
 Total Cash	 <u><u>\$ 9,885,597.05</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough 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 fund owned by the Board 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 Borough 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 Borough's bank balance of \$9,952,880.82 was insured or collateralized as follows:

Insured	\$ 377,783.84
Uninsured and uncollateralized	365,168.43
Collateralized in the Borough's Name Under GUDPA	<u>9,209,928.55</u>
Total	<u><u>\$9,952,880.82</u></u>

Note 3. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Borough 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 Borough and are held by either the counterparty or the

BOROUGH OF SURF CITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 3. Investments (continued):

counterparty's trust department or agent but not in the Borough's name.

B. 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 Borough 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 below schedules.

C. Investment Credit Risk

The Borough 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 Borough or bonds or other obligations of the local unit or units within which the Borough is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Borough;
- 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.

BOROUGH OF SURF CITY

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

Note 3. Investments (continued):

	Fair Value <u>(LOSAP)</u>	Book Value	Total Reported Value
2014:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 611,731.38</u>	<u>\$ 611,731.38</u>	<u>\$ 611,731.38</u>

2013:

Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 536,599.81</u>	<u>\$ 536,599.81</u>	<u>\$ 536,599.81</u>

As of December 31, 2014, the Borough had the following additional investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Investments Held by Borough Current Fund	N/A	N/A	<u>\$350,000</u>
Total Investments			<u>\$350,000</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	\$ 0.957	\$ 0.929	\$ 0.886
Apportionment of Tax Rate:			
Municipal	0.252	0.244	0.230
County	0.425	0.406	0.382
Local School	0.046	0.044	0.043
Regional School	0.234	0.235	0.231

BOROUGH OF SURF CITY

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

Note 4. Property Taxes (continued)

Net Valuation Taxable

2014	<u>\$ 1,548,330,149</u>	
2013		<u>\$ 1,547,468,230</u>
2012		<u>\$ 1,541,056,900</u>

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2014	\$ 14,916,049	\$ 14,719,626	98.68%
2013	14,415,578	14,215,280	98.61%
2012	13,725,871	13,366,369	97.38%

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	\$ 669.08	\$ 183,281.80	\$ 183,950.88	1.23%
2013	629.84	190,113.54	190,743.38	1.32%
2012	592.00	352,579.00	353,171.00	2.57%

Note 5. Water Utility Service Charges

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

YEAR ENDED DECEMBER 31	RECEIVABLE	LEVY	TOTAL	CASH COLLECTIONS	COLLECTION PERCENTAGE
2014	\$ 36,216.90	\$ 1,641,817.15	\$ 1,678,034.05	\$ 1,660,499.54	98.96%
2013	59,363.69	1,682,327.09	1,741,690.78	1,669,544.18	95.86%
2012	51,344.45	1,647,080.88	1,698,425.33	1,637,384.62	96.41%

BOROUGH OF SURF CITY

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

Note 6. 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:

	Balance	Utilized	Percentage
Year	December 31,	In Budget of	of Fund
		Succeeding Year	Balance Used
Current Fund			
2014	\$ 3,607,313.98	\$ 1,592,900.00	44.16%
2013	3,369,080.66	1,332,500.00	39.55%
2012	3,364,171.00	1,332,500.00	39.61%
2011	3,625,485.00	1,488,200.00	41.05%
2010	3,581,642.00	1,450,000.00	40.48%
	Balance	Utilized	Percentage
Year	December 31,	In Budget of	of Fund
		Succeeding Year	Balance Used
Utility Operating Fund			
2014	\$ 864,115.02	\$ 665,000.00	76.96%
2013	827,157.08	665,000.00	80.40%
2012	756,278.00	607,000.00	80.26%
2011	726,430.00	628,000.00	86.45%
2010	777,822.00	650,000.00	83.57%

Note 7. Interfund Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2014:

Fund	Interfunds	Interfunds
	Receivable	Payable
Current Fund	\$ 151.49	\$ 191,303.22
State & Federal Grant Fund	19,742.83	-
Trust Other Fund	80,782.97	-
Animal Control Fund	-	151.49
General Capital Fund	46,663.48	-
Utility Operating fund	44,134.91	-
Utility Capital Fund	-	20.97
Total	\$ 191,475.68	\$ 191,475.68

The purpose of these interfunds was short-term borrowings.

BOROUGH OF SURF CITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 8. Pension

A. Plan Description

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

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

B. Vesting and Benefit Provisions

The vesting and benefit provisions of PERS 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 PERS 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. 2012 changed this for employees enrolled after June 28, 2012. See Note 7C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½

BOROUGH OF SURF CITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2014

Note 8. Pension (continued):

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 PERS 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 PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2012, Chapter 78, P.L. 2012 reformed various pension and health benefits provisions. Employees hired after June 28, 2012 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2012. 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. PERS provide for employee contributions of 6.5%, effective October 1, 2012, 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 PFRS and PERS. 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, 2012, of their annual covered salary for P.F.R.S. and Surf City Borough 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 \$90,092, \$82,002 and \$85,775, 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 \$167,161, \$158,356 and \$132,708, respectively, equal to the required contributions for each year.

BOROUGH OF SURF CITY

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

Note 9. Long-Term Debt

During the fiscal year ended December 31, 2014 the following changes occurred in long-term debt:

	December 31, 2013	Accrued/ Increases	Retired/ Decreases	December 31, 2014	Due Within One Year
Bond Anticipation Notes	\$ 400,000.00	\$ -	\$ (50,000.00)	\$ 350,000.00	\$ 350,000.00
Serial Bonds	119,000.00	-	(119,000.00)	-	-
Compensated Absences	118,053.50	6,684.04	-	124,737.54	-
Total	\$ 637,053.50	\$ 6,684.04	\$ (169,000.00)	\$ 474,737.54	\$ 350,000.00

A Summary of Municipal Debt is as follows:

	2014	2013	2012
Bonds & Notes Issued:			
General Capital Fund	\$ -	\$ -	\$ -
Water & Sewer Utility Capital Fund	350,000	519,000	689,000
Bonds & Notes Authorized but not Issued:			
General Capital Fund	1,559,804	977,991	962,447
Water & Sewer Utility Capital Fund	<u>710,000</u>	<u>760,000</u>	<u>810,000</u>
Total Loans & Bonds & Notes Issued & Authorized but not Issued	<u>\$2,619,804</u>	<u>\$2,256,991</u>	<u>\$2,461,447</u>
Less: Funds Temporarily Held to Pay Bonds & Notes:			
Deduction for Self-Liquidating Purposes	1,060,000	1,279,000	1,499,000
Reserve for payment of Debt	<u>36,683</u>	<u>36,683</u>	<u>36,683</u>
Total Deductions	<u>1,096,683</u>	<u>1,315,683</u>	<u>1,535,683</u>
Net Bond & Notes Issued & Authorized but not Issued	<u>\$ 1,523,121</u>	<u>\$ 941,308</u>	<u>\$ 925,763</u>

BOROUGH OF SURF CITY

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

Note 9. Long-Term Debt (continued):

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.092%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 262,340	\$ 262,340	\$ -
Water-Sewer Utility Debt	1,090,000	1,090,000	-
General Debt	1,559,804	36,683	1,523,121
	<hr/>	<hr/>	<hr/>
Total	\$ 2,912,144	\$ 1,389,023	\$ 1,523,121
	<hr/>	<hr/>	<hr/>

Net Debt, \$1,523,121 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,650,172,912 equals 0.092%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 57,756,052
Net Debt	<u>1,523,121</u>
Remaining Borrowing Power	<u>\$ 56,232,931</u>

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

Cash Receipts From Fees, Rents & Other Charges	\$ 2,412,852
Deductions:	
Operating & Maintenance Costs	\$ 1,857,510
Debt Service	<u>169,255</u>
	<u>2,026,765</u>
Excess Revenue - Self Liquidating	<u>\$ 386,087</u>

Bond Anticipation Notes

During the year ended December 31, 2014 the Borough issued a bond anticipation note in the amount of \$350,000 with an interest rate of 0.00% and maturing on May 15, 2015 for the purpose of improvements to water and sewer systems.

BOROUGH OF SURF CITY

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

Note 10. Deferred School District Taxes

The Long Beach Island Board of Education Tax and Southern Regional Board of Education have been raised and Current Fund has the following liabilities as of December 31, 2014:

	Local District		Regional School	
	2014	2013	2014	2013
Balance of Tax	\$ 361,729	\$ 346,802	\$ 1,746,332	\$ 1,749,885
Deferred	171,899	171,899	396,208	396,208
Tax Payable	\$ 189,830	\$ 174,903	\$ 1,350,124	\$ 1,353,677

Note 11. 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 Fire Company and 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 \$1,150 for the year ended December 31, 2014. Contributions of \$55,200 have been made during 2014.

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 Borough’s volunteer Fire Company and 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 – The Surf City Borough Fire Company and First Aid Squad Organizations shall provide to the Borough Chief Financial Officer, 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 as of January 1, 2004 and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward 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, Participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

BOROUGH OF SURF CITY

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

Note 11. Length of Service Award Program (“LOSAP”) - Unaudited (continued):

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 Surf City Volunteer Fire Company No. 1 and Emergency Medical Services as an active volunteer member. Any active volunteer member who terminates service with the Surf City Volunteer Fire Company No. 1 and Emergency Medical Services, 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 on Standards for Accounting and Auditing Review Services.

Note 12. General Fixed Assets

The following schedule is a summarization of the changes in General Fixed Assets for the fiscal year ended December 31, 2014:

	December 31, 2013	Additions	Deletions	December 31, 2014
Fixed Assets not being depreciated:				
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	711,875.62	9,150.00	-	721,025.62
Equipment	527,998.83	26,905.52	-	554,904.35
Motor Vehicles	1,966,266.68	250,795.64	(93,591.13)	2,123,471.19
Capital assets not being depreciated	\$ 3,954,647.49	\$ 286,851.16	\$ (93,591.13)	\$ 4,147,907.52

All additions are recorded at cost.

BOROUGH OF SURF CITY

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

Note 13. Contingent Liabilities

State and Federal Grants

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 grant 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.

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SUPPLEMENTARY STATEMENTS

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CURRENT FUND
STATEMENTS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF CASH - COLLECTOR/TREASURER
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013 \$ 5,925,581.56

Increased By:

Interest & Costs on Taxes	\$	42,923.16	
Miscellaneous Revenue Not Anticipated		269,572.79	
Due from State for Exemptions		34,750.00	
Taxes Receivable		14,665,868.88	
Revenue Accounts Receivable		847,068.69	
Prepaid Taxes		224,722.06	
Tax Overpayments		8,902.62	
Grants Receivable		31,426.90	
Reserve for Grants Unappropriated		17,587.77	
Appropriation Refunds		97,994.49	
Due from General Capital Fund		46,752.24	
Due from Utility Operating Fund		44,164.11	
Various Reserves		<u>13,521.24</u>	
			<u>16,345,254.95</u>

22,270,836.51

Decreased By:

2014 Budget Appropriations		4,714,430.89	
2013 Appropriation Reserves		192,706.48	
Accounts Payable		37,233.80	
Refund of Tax Overpayments		9,054.90	
County Taxes		6,575,503.36	
Local District School Tax		703,531.00	
Regional High School Tax		3,628,699.68	
Due To Trust Other Fund		48.06	
Reserve for Grants Appropriated		39,911.80	
Due to Stafford for Inspection Fees		29,876.00	
Due to State for DCA Fees		6,783.90	
Refund of Prior Year Revenues		21,452.11	
Various Reserves		<u>6,150.00</u>	
			<u>15,965,381.98</u>

Balance, December 31, 2014 \$ 6,305,454.53

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 4,775.10
Increased By:		
Senior Citizens' Deductions per Tax		
Billing	\$ 3,000.00	
Veterans' Deductions per Tax Billing	31,500.00	
Deductions Allowed By Collector:		
Veterans'	<u>750.00</u>	
		<u>35,250.00</u>
		40,025.10
Decreased By:		
Cash Receipts	34,750.00	
Senior Citizens' Deductions Disallowed	<u>1,500.00</u>	
		<u>36,250.00</u>
Balance, December 31, 2014		<u><u>\$ 3,775.10</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2014**

YEAR	BALANCE DECEMBER 31, 2013	2014 LEVY	2013	2014	OVERPAYMENTS APPLIED	OVERPAYMENTS CREATED	SENIOR CITIZENS' AND VETERANS' DEDUCTIONS ALLOWED/ (DISALLOWED)	TRANSFER TO TAX TITLE LIENS	ADJUSTMENTS/ (CANCELLED)	BALANCE DECEMBER 31, 2014
2013	\$ 190,113.54	-	\$ -	\$ 188,010.41	\$ 63.86	\$ 163.86	\$ -	\$ -	\$ (2,203.13)	\$ 0.00
2014	-	14,916,049.47	214,679.87	14,477,858.47	2,076.64	8,738.76	33,750.00	39.24	(13,102.21)	183,281.80
	<u>\$ 190,113.54</u>	<u>\$14,916,049.47</u>	<u>\$214,679.87</u>	<u>\$ 14,665,868.88</u>	<u>\$ 2,140.50</u>	<u>\$ 8,902.62</u>	<u>\$ 33,750.00</u>	<u>\$ 39.24</u>	<u>\$ (15,305.34)</u>	<u>\$ 183,281.80</u>

Analysis of Property Tax Levy

Tax Yield:	
General Purpose Tax	\$14,817,520.88
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	<u>98,528.59</u>
	<u>\$14,916,049.47</u>
Tax Levy:	
Local School Taxes	\$ 713,458.00
Regional School Taxes	3,625,148.00
County Taxes	
Due To County for Added and Omitted Taxes	<u>43,610.12</u>
Local Tax for Municipal Purposes	3,907,000.00
Additional Tax Levied	<u>68,625.73</u>
Total	<u>\$14,916,049.47</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 629.84
Increased By:	
Transfers From Taxes Receivable	<u>39.24</u>
Balance, December 31, 2014	<u><u>\$ 669.08</u></u>

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2014

	BALANCE DECEMBER 31, <u>2013</u>	ACCRUED IN <u>2014</u>	<u>COLLECTED</u>	BALANCE DECEMBER 31, <u>2014</u>
Liquor License	\$ -	\$ 1,400.00	\$ 1,400.00	\$ -
Vendor License	-	6,000.00	6,000.00	-
Other Fees & Permits	-	14,977.00	14,977.00	-
Municipal Court Fines & Costs	1,456.34	39,885.16	39,298.80	2,042.70
Interest on Investments	-	6,352.89	6,352.89	-
Beach Badge Fees	-	541,730.00	541,730.00	-
Energy Receipts Taxes	-	164,430.00	164,430.00	-
Uniform Construction Code Fees	-	72,880.00	72,880.00	-
	<u>\$ 1,456.34</u>	<u>\$ 847,655.05</u>	<u>\$ 847,068.69</u>	<u>\$ 2,042.70</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
GENERAL GOVERNMENT				
General Administration				
Salaries & Wages	\$ 2,163.92	\$ 2,163.92	\$ -	\$ 2,163.92
Other Expenses	5,866.98	5,866.98	1,572.33	4,294.65
Human Resources				
Other Expenses	10,000.00	10,000.00	-	10,000.00
Mayor and Council				
Salaries & Wages	5.00	5.00	-	5.00
Other Expenses	1,593.08	1,593.08	1,200.00	393.08
Municipal Clerk				
Salaries & Wages	4,636.55	4,636.55	-	4,636.55
Other Expenses	10,258.05	10,258.05	205.47	10,052.58
Financial Administration				
Salaries & Wages	9,312.68	9,312.68	-	9,312.68
Other Expenses	2,276.34	2,276.34	1,079.61	1,196.73
Collection of Taxes				
Salaries & Wages	7,061.36	7,061.36	-	7,061.36
Other Expenses	3,821.56	3,821.56	855.13	2,966.43
Assessment of Taxes				
Salaries & Wages	4,917.25	4,917.25	-	4,917.25
Other Expenses	17,676.04	17,676.04	8,734.70	8,941.34
Legal Services				
Other Expenses	3,661.24	3,661.24	1,131.50	2,529.74
Engineering Services				
Other Expensis	1,026.06	1,026.06	715.50	310.56
Municipal Court				
Salaries & Wages	5,462.26	5,462.26	-	5,462.26
Other Expenses	4,656.63	4,656.63	-	4,656.63
Public Defender				
Other Expenses	1,685.00	1,685.00	-	1,685.00
Land Use Administration:				
Land Use Board				
Salaries & Wages	2,953.80	2,953.80	-	2,953.80
Other Expenses	10,915.12	10,915.12	101.67	10,813.45
Code Enforcement & Administration:				
Other Code Enforcement Functions				
Salaries & Wages	4,558.24	4,558.24	-	4,558.24
Other Expenses	3,000.00	3,000.00	-	3,000.00
Insurance:				
General Liability	6,488.24	6,488.24	-	6,488.24
Workers Compensation	7,861.38	7,861.38	-	7,861.38
Employee Group Health	41,959.15	41,959.15	-	41,959.15
Unemployment	2,988.12	2,988.12	-	2,988.12
Public Safety Functions:				
Police Department				
Salaries & Wages	122,485.50	122,485.50	-	122,485.50
Other Expenses	70,290.11	70,290.11	51,912.84	18,377.27

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Police Dispatch/911				-
Other Expenses	2,000.00	2,000.00	-	2,000.00
Office of Emergency Management				
Salaries & Wages	100.00	100.00	-	100.00
Other Expenses	2,505.06	2,505.06	-	2,505.06
Municipal Prosecutor's Office				
Other Expenses	708.37	708.37	708.37	-
Public Work Functions:				
Streets and Road Maintenance				
Salaries & Wages	36,815.65	36,815.65	-	36,815.65
Other Expenses	15,567.59	15,567.59	1,780.03	13,787.56
Solid Waste Collection				
Salaries & Wages	44,354.27	44,354.27	-	44,354.27
Other Expenses	9,016.39	9,016.39	4,871.78	4,144.61
Building and Grounds				
Salaries & Wages	12,351.03	12,351.03	-	12,351.03
Other Expenses	37,595.51	37,595.51	1,009.22	36,586.29
Vehicle Maintenance (Incl. Police Vehicles)				
Salaries & Wages	4,123.49	4,123.49	-	4,123.49
Other Expenses	43,396.21	43,396.21	7,725.83	35,670.38
Health & Human Services Functions:				
Board of Health				
Salaries & Wages	680.00	680.00	-	680.00
Other Expenses	2,837.00	2,837.00	-	2,837.00
Environmental Health Services				
Salaries & Wages	1,735.50	1,735.50	-	1,735.50
Other Expenses	1,800.00	1,800.00	-	1,800.00
Animal Control Services				
Other Expenses	2,480.00	2,480.00	1,344.00	1,136.00
Contributions to Social Service Agencies				
Health Care Facilities (NJS 44:5-2)	100.00	100.00	-	100.00
Mental Health Facilities (NJS 40:48-9.4a)	100.00	100.00	-	100.00
Recreation of Services and Programs				
Salaries & Wages	2,435.50	2,435.50	-	2,435.50
Other Expenses	2,000.00	2,000.00	-	2,000.00
Maintenance of Parks				
Salaries & Wages	8,223.00	8,223.00	-	8,223.00
Other Expenses - Veterans' Memorial Park	2,876.20	2,876.20	189.98	2,686.22
Other Expenses - Other Facilities	1,945.68	1,945.68	-	1,945.68
Beach & Boardwalk Operations				
Salaries & Wages	39,614.64	39,614.64	-	39,614.64
Other Expenses	21,757.53	21,757.53	4,800.00	16,957.53
Other Common Operating Functions (Unclassified)				
Celebration of Public Events				
Other Expenses	1,000.00	1,000.00	-	1,000.00

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Utility Expenses & Bulk Purchases				
Electricity	7,247.31	7,247.31	912.31	6,335.00
Street Lighting	8,807.26	8,807.26	3,200.29	5,606.97
Telephone	2,177.27	2,177.27	1,772.42	404.85
Gas (natural or propane)	5,374.53	5,374.53	1,379.35	3,995.18
Telecommunications	2,953.34	2,953.34	193.95	2,759.39
Gasoline	18,909.64	18,909.64	2,985.10	15,924.54
Landfill/Solid Waste Disposal Costs:				
Other Expenses	26,007.74	26,007.74	475.00	25,532.74
Uniform Construction Code:				
Salaries & Wages	1,617.69	1,617.69	-	1,617.69
Other Expenses	45,368.78	45,368.78	43,053.07	2,315.71
Contingent	4,000.00	4,000.00	-	4,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	45,563.11	45,563.11	-	45,563.11
Defined Contribution Retirement Program	2,411.04	2,411.04	-	2,411.04
Length of Service Awards Program (L.O.S.A.P.)				
Other Expenses	51,200.00	51,200.00	51,200.00	-
Recycling Tax (P.L. 2007, c. 311):				
Other Expenses	938.68	938.68	-	938.68
Capital Improvements:				
Rehabilitation of Borough Property	25,000.00	25,000.00	-	25,000.00
Purchase of Public Safety Equipment	1,025.00	1,025.00	-	1,025.00
Security Enhancements for Court	7,200.00	7,200.00	-	7,200.00
Improvements to Recreation Area	60,000.00	60,000.00	-	60,000.00
	<u>\$ 983,499.67</u>	<u>\$ 983,499.67</u>	<u>\$ 195,109.45</u>	<u>\$ 788,390.22</u>
		Appropriation Reserves		
		Encumbrances Payable		
		<u>\$ 983,499.67</u>		
		Accounts Payable	\$ 2,402.97	
		Cash Disbursed	<u>192,706.48</u>	
			<u>\$ 195,109.45</u>	

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF DEFERRED CHARGES - N.J.S.A. 40A:4-54
SPECIAL EMERGENCY AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2014**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	BALANCE DECEMBER 31, <u>2013</u>	2014 BUDGET <u>APPROPRIATIONS</u>	RAISED IN 2014 <u>BUDGET</u>	BALANCE DECEMBER 31, <u>2014</u>
2012	Superstorm Sandy	\$ 300,000.00	\$ 240,000.00	\$ -	\$226,372.67	\$ 13,627.33
2014	LOSAP Review	10,000.00	-	10,000.00	-	10,000.00
Total			\$ 240,000.00	\$ 10,000.00	\$226,372.67	\$ 23,627.33

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2014

Balance, December 31, 2013	\$ 69,106.68
Increased By:	
Current Appropriations	<u>85,435.99</u>
	154,542.67
Decreased By:	
Transferred To Appropriation Reserves	<u>69,106.68</u>
Balance, December 31, 2014	<u><u>\$ 85,435.99</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 40,604.20
Increased By:	
Transferred from Appropriation Reserves	<u>2,402.97</u>
	43,007.17
Decreased By:	
Cash Disbursements	<u>37,233.80</u>
Balance, December 31, 2014	<u><u>\$ 5,773.37</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$	63.86
Increased By:		
Adjustment to Overpayments	\$	3,196.50
Transferred from Current Year Taxes		8,902.62
		12,099.12
		12,162.98
Decreased By:		
Cash Disbursements		9,054.90
Balance, December 31, 2014		\$ 3,108.08

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 214,679.87
Increased By:	
Prepaid Taxes Collected	<u>224,722.06</u>
	439,401.93
Decreased By:	
Applied To Taxes Receivable	<u>214,679.87</u>
Balance, December 31, 2014	<u><u>\$ 224,722.06</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 17,295.74
Increased By:		
2014 Tax Levy:		
County Taxes	\$ 5,719,521.74	
County Library Taxes	637,577.29	
County Open Space Taxes	201,108.59	
Due To County for Added and Omitted Taxes	43,610.12	
		6,601,817.74
		6,619,113.48
Decreased By:		
Cash Disbursements		6,575,503.36
Balance, December 31, 2014		\$ 43,610.12

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES
BALANCE, DECEMBER 31, 2014**

Balance, December 31, 2013:		
School Tax Payable	\$ 174,902.73	
School Tax Deferred	<u>171,899.27</u>	\$ 346,802.00
Increased By:		
Levy - July 1, 2014 to June 30, 2015		<u>713,458.00</u>
		1,060,260.00
Decreased By:		
Cash Disbursements		<u>703,531.00</u>
Balance, December 31, 2014:		
School Tax Payable	184,829.73	
School Tax Deferred	<u>171,899.27</u>	<u>\$ 356,729.00</u>
 <u>2014 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2014		\$ 184,829.73
Tax Paid		<u>703,531.00</u>
		<u>888,360.73</u>
Less:		
Tax Payable, December 31, 2013		<u>174,902.73</u>
Amount Charged to 2014 Operations		<u>\$ 713,458.00</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REGIONAL SCHOOL TAXES
BALANCE, DECEMBER 31, 2014**

Balance, December 31, 2013:		
School Tax Payable	\$ 1,353,676.04	
School Tax Deferred	<u>396,208.48</u>	
		\$ 1,749,884.52
Increased By:		
Levy - July 1, 2014 to June 30, 2015		<u>3,625,148.00</u>
		5,375,032.52
Decreased By:		
Cash Disbursements		<u>3,628,699.68</u>
Balance, December 31, 2014:		
School Tax Payable	1,350,124.36	
School Tax Deferred	<u>396,208.48</u>	
		<u><u>\$ 1,746,332.84</u></u>
 <u>2014 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2014		\$ 1,350,124.36
Tax Paid		<u>3,628,699.68</u>
		4,978,824.04
Less:		
Tax Payable, December 31, 2013		<u>1,353,676.04</u>
Amount Charged to 2014 Operations		<u><u>\$ 3,625,148.00</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
FEDERAL AND STATE GRANT FUND
STATEMENT OF GRANTS RECEIVABLE
BALANCE DECEMBER, 31, 2014**

<u>Program</u>	BALANCE AS OF <u>DECEMBER 31, 2013</u>	REVENUE ANTICIPATED 2014	2014 <u>RECEIVED</u>	TRANSFERRED FROM <u>UNAPPROPRIATED</u>	BALANCE AS OF <u>DECEMBER 31, 2014</u>
966 Reimbursement Program - 2013	\$ 8,587.40	-	\$ 8,587.40	-	\$ -
Clean Communities	-	10,538.87	-	10,538.87	-
Body Armor Replacement Fund	-	1,641.65	-	1,641.65	-
Recycling Tonnage Grant	-	6,533.43	-	6,533.43	-
966 Reimbursement Program - 2014	-	<u>22,839.50</u>	<u>22,839.50</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,587.40</u>	<u>\$ 41,553.45</u>	<u>\$ 31,426.90</u>	<u>\$ 18,713.95</u>	<u>\$ -</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
FEDERAL AND STATE GRANT FUND
STATEMENT OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED
BALANCE DECEMBER 31, 2014**

<u>Program</u>	BALANCE DECEMBER 31, <u>2013</u>	TRANSFERRED FROM <u>BUDGET</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	BALANCE DECEMBER 31, <u>2014</u>
Clean Communities Program	\$ -	\$ 10,538.87	\$ 10,538.87	\$ -	\$ -
Body Armor Replacement	513.41	1,641.65	2,155.06	-	-
966 Reimbursement Program	8,587.40	22,839.50	22,839.50	8,587.40	-
Recycling Tonnage Grant	-	6,533.43	6,533.43	-	-
	<u>\$ 9,100.81</u>	<u>\$ 41,553.45</u>	<u>\$ 42,066.86</u>	<u>\$ 8,587.40</u>	<u>\$ -</u>
		Paid by Current Fund	\$ 39,911.80		
		Encumbrances Payable	<u>2,155.06</u>		
		Total Expended	<u>\$ 42,066.86</u>		

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
FEDERAL AND STATE GRANT FUND
STATEMENT OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
BALANCE DECEMBER 31, 2014**

<u>Program</u>	BALANCE DECEMBER 31, <u>2013</u>	CASH RECEIPTS	TRANSFERRED TO GRANTS RECEIVABLE	BALANCE DECEMBER 31, <u>2014</u>
Body Armor Replacement Fund	\$ 1,641.45	\$ 1,343.51	\$ 1,641.45	\$ 1,343.51
Clean Communities Program	10,538.87	9,882.94	10,538.87	9,882.94
Recycling Tonnage Grant	<u>6,533.43</u>	<u>6,361.32</u>	<u>6,533.43</u>	<u>6,361.32</u>
	<u>\$ 18,713.75</u>	<u>\$ 17,587.77</u>	<u>\$ 18,713.75</u>	<u>\$ 17,587.77</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF VARIOUS RESERVES
BALANCE DECEMBER 31, 2014**

	BALANCE DECEMBER 31,			BALANCE DECEMBER 31,	
	<u>2013</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>2014</u>	
Library Aid	\$ 14.00	\$ -	\$ -	\$ 14.00	
Hurricane Sandy - FEMA receipts	226,372.67	13,521.24	226,372.67	13,521.24	
Hurricane Expense (Special Emergency)	83,123.20	-	6,150.00	76,973.20	
	<u>\$ 309,509.87</u>	<u>\$ 13,521.24</u>	<u>\$ 232,522.67</u>	<u>\$ 90,508.44</u>	

TRUST FUND
STATEMENTS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2014**

	<u>ANIMAL CONTROL</u>	<u>TRUST- OTHER</u>
Balance, December 31, 2013	<u>\$ 457.20</u>	<u>\$ 242,472.52</u>
Increased By Receipts:		
State Registration Fees & Surcharge	153.00	-
Interest Earned	0.46	-
Due from Current Fund	-	97.36
Due from Water/Sewer Operating Fund	-	42,382.09
Various Reserves	-	<u>3,100,484.49</u>
	<u>153.46</u>	<u>3,142,963.94</u>
	<u>610.66</u>	<u>3,385,436.46</u>
Decreased By Disbursements:		
Due to Current Fund	124.82	49.30
Various Reserves	-	<u>3,073,739.57</u>
	<u>124.82</u>	<u>3,073,788.87</u>
Balance, December 31, 2014	<u><u>\$ 485.84</u></u>	<u><u>\$ 311,647.59</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
STATEMENT OF DUE FROM CURRENT FUND
TRUST - OTHER FUND
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 88,566.86
Increased By:		
Cash Receipts in Current Fund	\$ 52,096.62	
Reserve for Accumulated Absences	6,000.00	
Cash Disbursements	<u>49.30</u>	
		<u>58,145.92</u>
		146,712.78
Decreased By:		
Cash Disbursed by Current Fund	65,832.45	
Cash Receipts	<u>97.36</u>	
		<u>65,929.81</u>
Balance, December 31, 2014		<u><u>\$ 80,782.97</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
STATEMENT OF DUE (TO)/FROM WATER SEWER OPERATING FUND
TRUST - OTHER FUND
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 42,382.09
Decreased By:	
Cash Received	<u>42,382.09</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
TRUST - OTHER FUND
STATEMENT OF DUE TO CURRENT FUND
DOG LICENSE FUND
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 124.40
Increased By:		
Interest Earned	\$ 0.46	
Cash Disbursed by Current Fund	104.06	
Statutory Excess Due To Current Fund	<u>47.39</u>	
		<u>151.91</u>
		276.31
Decreased By:		
Cash Disbursement		<u>124.82</u>
Balance, December 31, 2014		<u><u>\$ 151.49</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
ANIMAL CONTROL FUND
STATEMENT OF RESERVE FOR DOG FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 332.80
Increased By:		
Dog License Fees Collected		<u>153.00</u>
		485.80
Decreased By:		
Dog Fund Expenditures Paid by Current Fund	\$ 47.39	
Statutory Excess Due Current Fund	<u>104.06</u>	
		<u>151.45</u>
Balance, December 31, 2014		<u><u>\$ 334.35</u></u>

<u>Year</u>	<u>Amount</u>
2013	\$ 136.35
2012	<u>198.00</u>
	<u><u>\$ 334.35</u></u>

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 TRUST - OTHER FUND
 SCHEDULE OF TRUST - OTHER RESERVES
 YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE DECEMBER <u>2014</u>
Tax Certificate	\$ 30,573.77	\$ 72,029.16	\$ 21,348.08	\$ 81,254.85
Cash Bonds	77,178.76	151,409.02	178,142.19	50,445.59
P.O.A.A.	553.15	94.00	130.10	517.05
Veterans' Memorial Park	18,310.92	1,275.00	360.00	19,225.92
Public Defender Fund	-	285.00	-	285.00
Beach Wheels	3,451.50	665.00	-	4,116.50
Memorial Benches	3,409.00	500.00	-	3,909.00
Accumulated Absences	112,099.03	6,000.00	-	118,099.03
Payroll Deductions	101,834.10	2,880,375.00	2,884,773.51	97,435.59
Construction Inspection Fees	<u>26,011.24</u>	<u>45,948.93</u>	<u>54,818.14</u>	<u>17,142.03</u>
	<u><u>\$ 373,421.47</u></u>	<u><u>\$ 3,158,581.11</u></u>	<u><u>\$ 3,139,572.02</u></u>	<u><u>\$ 392,430.56</u></u>
Cash Receipts		\$ 3,100,484.49		
Due From Current Fund		<u>58,096.62</u>		
		<u><u>\$ 3,158,581.11</u></u>		
Cash Disbursements			\$ 3,073,739.57	
Due From Current Fund			<u>65,832.45</u>	
			<u><u>\$ 3,139,572.02</u></u>	

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
 SCHEDULE OF INVESTMENTS
 YEAR ENDED DECEMBER 31, 2014
 (Unaudited)**

Balance As Restated, December 31, 2013		\$ 536,599.81
Increased By:		
Borough Contributions	\$ 55,200.00	
Appreciation on Investments	<u>38,534.01</u>	<u>93,734.01</u>
		630,333.82
Decreased By:		
Withdrawals	17,252.44	
Accounting Charges	<u>1,350.00</u>	<u>18,602.44</u>
Balance, December 31, 2014		<u><u>\$ 611,731.38</u></u>

**BOROUGH OF SURF CITY
 LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
 SCHEDULE OF MISCELLANEOUS RESERVES
 YEAR ENDED DECEMBER 31, 2014
 (Unaudited)**

Balance As Restated, December 31, 2013		\$ 536,599.81
Increased By:		
Borough Contributions	\$ 55,200.00	
Appreciation on Investments	<u>38,534.01</u>	
		<u>93,734.01</u>
		630,333.82
Decreased By:		
Withdrawals	17,252.44	
Accounting Charges	<u>1,350.00</u>	
		<u>18,602.44</u>
Balance, December 31, 2014		<u><u>\$ 611,731.38</u></u>

GENERAL CAPITAL FUND
STATEMENTS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF CASH
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 1,403,335.93
Increased By:		
Due (From)/To Current Fund		
Deferred Charges to Future Taxation -		
Unfunded	178,187.59	
Capital Improvement Fund	60,000.00	
Various Reserves	<u>251,500.00</u>	
		<u>489,687.59</u>
		1,893,023.52
Decreased By:		
Due (From)/To Current Fund	46,752.24	
Improvement Authorizations	<u>245,698.31</u>	
		<u>292,450.55</u>
Balance, December 31, 2014		<u><u>\$ 1,600,572.97</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2014</u>
Capital Improvement Fund	\$ 807,932.50
Reserve for Debt Service	36,683.33
Reserve for Purchase of Lifeguard Boat	6,000.00
Reserve for Rehabilitation of DPW Facilities	450,000.00
Reserve for Resurfacing of Roads	300,000.00
Due (From)/To Current Fund	(46,663.48)
Capital Fund Balance	82,452.67

Ordinance

<u>Date</u>	<u>Improvement Authorizations</u>	
03/31/06	Beach Replenishment	(2,948.16)
11/30/06	Beach Replenishment	17,360.00
05/11/11	Reconstruction/Resurfacing of Various Streets	63,451.98
09/30/12	Replacement & Repair of Various Bulkheads	26,725.88
09/30/12	Resurfacing/Reconstruction of Various Streets	47,661.89
10/31/12	Removal of Underground Diesel Storage Tank	(19,562.00)
10/09/13	Acquisition of Trash Truck	(160,769.00)
10/09/13	Acquisition of a Beach Rake	(47,752.64)
09/10/14	Acquisition of Fire Apparatus & Related Equipment	40,000.00
		\$ 1,600,572.97

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
DUE FROM/(TO) CURRENT FUND
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ (88.76)
Decreased By:	
Cash Disbursement	<u>46,752.24</u>
Balance, December 31, 2014	<u><u>\$ 46,663.48</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2014**

Improvement Authorizations	Ordinance Date	BALANCE DECEMBER 31, 2013	2014 AUTHORIZED	FUNDED BY BUDGET APPROPRIATION	GRANT RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2014	Analysis of Balance	
								EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
06-03 Beach Replenishment	03/31/06	\$ 154,866.10	\$ -	\$ 572.50	\$ -	\$ -	\$ 154,293.60	\$ 2,948.16	\$ 151,345.44
06-15 Beach Replenishment	11/30/06	332,500.00	-	-	-	-	332,500.00	-	332,500.00
11-03 Acquisition of Trash Truck	05/11/11	32,000.00	-	-	-	-	32,000.00	-	32,000.00
12-04 Replacement & Repair of Various Bulkheads	09/30/12	28,375.00	-	750.00	27,625.00	-	-	-	-
12-05 Resurfacing/Reconstruction of Various Streets	09/30/12	140,500.00	-	76,500.00	64,000.00	-	-	-	-
12-06 Removal of Underground Storage Tank	10/31/12	38,000.00	-	8,740.09	-	-	29,259.91	19,562.00	9,697.91
13-05 Acquisition of Trash Truck	10/09/13	190,000.00	-	-	-	-	190,000.00	160,769.00	29,231.00
13-06 Acquisition of a Beach Rake	10/09/13	61,750.00	-	-	-	-	61,750.00	47,752.64	13,997.36
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	-	760,000.00	-	-	-	760,000.00	-	760,000.00
		\$ 977,991.10	\$ 760,000.00	\$ 86,562.59	\$ 91,625.00	\$ -	\$ 1,559,803.51	\$ 231,031.80	\$ 1,328,771.71

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2014**

Improvement Authorizations	Ordinance Date	Ordinance Amount	Balance December 31, 2013		2014 Authorizations	Expended	Balance December 31, 2014	
			Funded	Unfunded			Funded	Unfunded
06-03 Beach Replenishment	03/31/06	500,000.00	\$ -	\$ 154,293.60	\$ -	\$ 2,948.16	\$ -	\$ 151,345.44
06-15 Beach Replenishment	11/30/06	350,000.00	17,360.00	332,500.00	-	-	17,360.00	332,500.00
11-03 Acquisition of Trash Truck	05/11/11	200,000.00	-	32,000.00	-	-	-	32,000.00
11-04 Resurfacing/Reconstruction of Various Streets	05/11/11	320,000.00	64,868.49	-	-	1,416.51	63,451.98	-
12-04 Replacement/Repair of Various Bulkheads	09/30/12	35,000.00	-	26,725.88	-	-	26,725.88	-
12-05 Reconstruction/Resurfacing of Various Streets	09/30/12	350,000.00	-	47,661.89	-	-	47,661.89	-
12-06 Removal of Underground Diesel Storage Tank	10/31/12	40,000.00	-	29,259.91	-	19,562.00	-	9,697.91
13-05 Acquisition of Trash Truck	10/09/13	200,000.00	10,000.00	190,000.00	-	170,769.00	-	29,231.00
13-06 Acquisition of a Beach Rake	10/09/13	65,000.00	3,250.00	61,750.00	-	51,002.64	-	13,997.36
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	800,000.00	-	-	800,000.00	-	40,000.00	760,000.00
			\$ 95,478.49	\$ 874,191.28	\$ 800,000.00	\$ 245,698.31	\$ 195,199.75	\$ 1,328,771.71

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 787,932.50
Increased By:	
2014 Budget Appropriation	<u>60,000.00</u>
	847,932.50
Decreased By:	
Utilized To Finance Improvement Authorizations	<u>40,000.00</u>
Balance, December 31, 2014	<u><u>\$ 807,932.50</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	TRANSFER FROM CURRENT <u>FUND BUDGET</u>	BALANCE DECEMBER 31, <u>2014</u>
Reserve for Debt Service	\$ 36,683.33	\$ -	\$ 36,683.33
Reserve for Purchase of Lifeguard Boat	4,500.00	1,500.00	6,000.00
Reserve for Rehabilitation of DPW Facilities	300,000.00	150,000.00	450,000.00
Reserve for Resurfacing of Roads	<u>200,000.00</u>	<u>100,000.00</u>	<u>300,000.00</u>
	<u>\$ 541,183.33</u>	<u>\$ 251,500.00</u>	<u>\$ 792,683.33</u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2014**

Ordinance Date	Improvement Authorizations	BALANCE		AUTHORIZATIONS	DECREASED	CANCELLED	BALANCE DECEMBER 31, 2014
		DECEMBER 31, 2013	2014				
03/31/06	Beach Replenishment	\$ 154,866.10	\$ -	-	\$ 572.50	-	\$ 154,293.60
11/30/06	Beach Replenishment	332,500.00	-	-	-	-	332,500.00
05/11/11	Acquisition of Trash Truck	32,000.00	-	-	-	-	32,000.00
09/30/12	Replacement & Repair Various Bulkheads	28,375.00	-	-	28,375.00	-	-
09/30/12	Resurfacing/Reconstruction of Various Streets	140,500.00	-	-	140,500.00	-	-
10/31/12	Removal of Underground Diesel Storage Tank	38,000.00	-	-	8,740.09	-	29,259.91
10/09/13	Acquisition of Trash Truck	190,000.00	-	-	-	-	190,000.00
10/09/13	Acquisition of a Beach Rake	61,750.00	-	-	-	-	61,750.00
09/10/14	Acquisition of Fire Apparatus & Related Equipment	-	760,000.00	-	-	-	760,000.00
		\$ 977,991.10	\$ 760,000.00	\$ 178,187.59	\$ -	\$ -	\$ 1,559,803.51
	Grants Received			\$ 91,625.00			
	Funded By Budget Appropriation			86,562.59			
				\$ 178,187.59			

WATER-SEWER UTILITY FUND

STATEMENTS

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2014**

	OPERATING	CAPITAL
Balance, December 31, 2013	\$ 1,254,358.84	\$ 286,795.99
Increased By Receipts:		
Miscellaneous Revenue	\$ 85,464.43	
Fire Hydrant Service	111,270.00	
Water/Sewer Rents Receivable	1,660,499.54	
Prepaid Rents	4,246.38	
Accounts Payable Refunded	5,712.14	
Miscellaneous Adjustment	192.12	
Capital Improvement Fund		\$ 25,000.00
Reserve for Amortization		50,000.00
Due From Utility Operating Fund	1,867,384.61	75,005.09
	3,121,743.45	361,801.08
Decreased By Disbursements:		
Due From Current Fund	44,164.11	
Due to Trust - Other Fund	42,382.09	
2014 Budget Appropriations	1,709,245.46	
Accrued Interest on Bonds	3,064.25	
2013 Appropriation Reserves	16,992.41	
Due to Utility Capital Fund	5.09	
Improvement Authorization		255.00
	1,815,853.41	255.00
Balance, December 31, 2014	\$ 1,305,890.04	\$ 361,546.08

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF ANALYSIS OF WATER/SEWER UTILITY CAPITAL FUND CASH
 YEAR ENDED DECEMBER 31, 2014**

		BALANCE DECEMBER 31, <u>2014</u>
Capital Improvement Fund		\$ 399,565.51
Due To Utility Operating Fund		20.97
Fund Balance		7,476.47
Ordinance	<u>Improvement Authorizations</u>	
<u>Number</u>		
09-05	Improvements to Water/Sewer System	(45,000.00)
09-07	Improvements to Water/Sewer System	<u>(516.87)</u>
		<u><u>\$ 361,546.08</u></u>

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF WATER/SEWER RENTS
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 59,363.69
Increased By:		
2014 Levy		<u>1,641,817.15</u>
		1,701,180.84
Decreased By:		
Cash Collections	\$ 1,660,499.54	
Prepaid Rents Applied	<u>4,464.40</u>	
		<u>1,664,963.94</u>
Balance, December 31, 2014		<u><u>\$ 36,216.90</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
SCHEDULE OF FIXED CAPITAL
Year ended December 31, 2014**

	Balance, December 31, <u>2013</u>	Transferred From Capital <u>Outlay</u>	Balance, December 31, <u>2014</u>
Water Fund:			
Land	\$ 5,623.38	\$ -	\$ 5,623.38
Springs and Wells	1,141,817.56	10,900.00	1,152,717.56
Pumping Station & Equipment	147,822.51	-	147,822.51
Distribution Mains & Accessories	898,285.92	-	898,285.92
Meters & Accessories	96,475.00	-	96,475.00
Garage & Storage Building	72,384.87	-	72,384.87
Tower, Standpipe & Storage Tanks	2,295,909.07	255.00	2,296,164.07
Fire Hydrants	49,213.51	-	49,213.51
Trucks & Other Equipment	137,923.47	-	137,923.47
Water Plant & Equipment	578,742.57	-	578,742.57
Office Facilities	13,938.13	-	13,938.13
Computer System	8,503.25	469.98	8,973.23
Sewer Fund:			
Collection System	1,582,178.63	-	1,582,178.63
Landscaping	2,774.20	-	2,774.20
Meters & Accessories	6,573.45	-	6,573.45
Trucks & Other Equipment	194,081.11	-	194,081.11
Garage & Storage Building	74,202.32	-	74,202.32
Office Facilities	13,938.12	-	13,938.12
Computer System	8,503.25	-	8,503.25
	<u>\$ 7,328,890.32</u>	<u>\$ 11,624.98</u>	<u>\$ 7,340,515.30</u>

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND INCOMPLETE
YEAR ENDED DECEMBER 31, 2014

Ordinance Number	Purpose	<u>DATE</u>	<u>ORDINANCE AMOUNT</u>	BALANCE DECEMBER 31, 2013	TRANSFERRED TO FIXED CAPITAL	BALANCE DECEMBER 31, 2014
09-07	Improvements to Water/Sewer System	08/31/09	700,000.00	\$ 664,738.13	\$ 255.00	\$ 664,483.13

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF 2013 APPROPRIATION RESERVES
 YEAR ENDED DECEMBER 31, 2014**

<u>Appropriation</u>	BALANCE DECEMBER 31, <u>2013</u>	BALANCE AFTER <u>TRANSFERS</u>	<u>EXPENDED</u>	BALANCE <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 82,897.68	\$ 82,897.68	\$ -	\$ 82,897.68
Other Expenses	199,605.55	199,605.55	8,315.64	191,289.91
Capital Improvements:				
Capital Outlay	71,678.00	71,678.00	8,740.00	62,938.00
Statutory Expenditures:				-
Contribution To:				
Social Security System (O.A.S.I.)	12,339.29	12,339.29	-	12,339.29
Defined Contribution Retirement Plan	816.00	816.00	-	816.00
Unemployment Compensation Insurance	1,744.04	1,744.04	-	1,744.04
	<u>\$ 369,080.56</u>	<u>\$ 369,080.56</u>	<u>\$ 17,055.64</u>	<u>\$ 352,024.92</u>
Appropriations Reserves		\$ 356,862.15		
Encumbrances Payable		<u>12,218.41</u>		
		<u>\$ 369,080.56</u>		
Cash Disbursements			\$ 16,992.41	
Due To Current Fund			<u>63.23</u>	
			<u>\$ 17,055.64</u>	

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF ENCUMBRANCES PAYABLE
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 12,218.41
Increased By:	
Current Appropriations	<u>44,078.20</u>
	56,296.61
Decreased By:	
Transferred To Appropriation Reserves	<u>12,218.41</u>
Balance, December 31, 2014	<u><u>\$ 44,078.20</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID RENTS
YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 4,464.40
Increased By:	
Cash Receipts	<u>4,246.38</u>
	8,710.78
Decreased By:	
Applied To Rents Receivable	<u>4,464.40</u>
Balance, December 31, 2014	<u><u>\$ 4,246.38</u></u>

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCRUED INTEREST ON BONDS
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 2,808.90
Increased By:	
Budget Appropriation	255.35
	3,064.25
Decreased By:	
Cash Disbursements	3,064.25
Balance, December 31, 2014	\$ -

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY OPERATING FUND
 SCHEDULE OF ACCOUNTS PAYABLE
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 8,681.52
Increased By:	
Refunds	<u>5,712.14</u>
Balance, December 31, 2014	<u><u>\$ 14,393.66</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2014**

2006--16 2009-05	Improvement Description	ORIGINAL ISSUE DATE	DATE OF ISSUE	DATE OF MATURITY	DATE OF INTEREST RATE*	BALANCE	
						DECEMBER 31, 2013	DECEMBER 31, 2014
	* Improvements to Water & Sewer System	05/15/12	05/15/14	05/15/15	0.00%	\$ 70,000.00	\$ 20,000.00
	* Improvements to Water & Sewer System	05/15/12	05/15/14	05/15/15	0.00%	330,000.00	330,000.00
						<u>\$ 400,000.00</u>	<u>\$ 350,000.00</u>
						<u>INCREASED</u>	<u>DECREASED</u>
						<u>\$ 350,000.00</u>	<u>\$ 400,000.00</u>

* - Purchased by Municipality

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER UTILITY SERIAL BONDS
YEAR ENDED DECEMBER 31, 2014

		MATURITIES OF			
		BONDS OUTSTANDING			
<u>DATE OF</u>	<u>ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST</u>	<u>BALANCE</u>
<u>Purpose</u>		<u>DECEMBER 31, 2013</u>	<u>DECEMBER 31,</u>	<u>RATE</u>	<u>DECEMBER 31,</u>
		<u>2013</u>	<u>2013</u>		<u>2014</u>
			<u>DECREASED</u>		
Series 1994	01/15/94		\$ 119,000.00	5.15%	\$ -

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Purpose	ORDINANCE		Balance December 31, 2013		Paid or Charged		Balance December 31, 2014	
		DATE	AMOUNT	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
09-07	Improvements to Water/Sewer System	08/31/09	\$ 700,000.00	\$ -	\$ 664,738.13	\$ 255.00	\$ -	\$ -	\$ 664,483.13

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF CAPITAL IMPROVEMENT FUND
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013	\$ 374,565.51
Increased By:	
2014 Budget Appropriations	25,000.00
Balance, December 31, 2014	\$ 399,565.51

**BOROUGH OF SURF CITY
 COUNTY OF OCEAN, NEW JERSEY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION
 YEAR ENDED DECEMBER 31, 2014**

Balance, December 31, 2013		\$ 6,714,628.45
Increased By:		
Serial Bonds Paid	\$ 119,000.00	
B.A.N.s Paid	50,000.00	
Capital Outlay in Operating Fund Budget	11,369.98	
Funding of Costs of Improvements Authorized By Budget	<u>50,000.00</u>	
		<u>230,369.98</u>
Balance, December 31, 2014		<u><u>\$ 6,944,998.43</u></u>

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2014**

Ordinance Number	Purpose	BALANCE DECEMBER 31,		BALANCE
		2013	DECREASED	DECEMBER 31, 2014
2009-05	Improvements to Water & Sewer System	\$ 95,000.00	\$ 50,000.00	\$ 45,000.00
2009-07	Improvements to Water & Sewer System	665,000.00	-	665,000.00
		<u>\$ 760,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 710,000.00</u>

GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT

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**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS
YEAR ENDED DECEMBER 31, 2014**

	BALANCE DECEMBER 31, <u>2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE DECEMBER 31, <u>2014</u>
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	711,875.62	9,150.00	-	721,025.62
Equipment	527,998.83	26,905.52	-	554,904.35
Motor Vehicles	<u>1,966,266.68</u>	<u>250,795.64</u>	<u>93,591.13</u>	<u>2,123,471.19</u>
	-			-
	<u>\$ 3,954,647.49</u>	<u>\$ 286,851.16</u>	<u>\$93,591.13</u>	<u>\$ 4,147,907.52</u>

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COMMENTS

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The Honorable Mayor and Members of the
Borough Council
Borough of Surf City
County of Ocean
Surf City, New Jersey 07302

We have audited the financial statements – statutory basis of the Borough of Surf City in the County of Ocean for the year ended December 31, 2014.

Scope of Audit

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

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

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

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

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

A test was conducted to determine that expenditures greater than \$2,625 obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 2, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2014 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2014 included real estate taxes for 2014.

The last tax sale was held on October 20, 2014 and was complete.

Inspection of 2014 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2014	1
2013	1
2012	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

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

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

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

A test sample was selected of ten (10) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. No prior year findings were noted.

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY
COMMENTS
YEAR ENDED DECEMBER 31, 2014**

Officials in Office and Surety Bonds

<u>Name of Official</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Leonard T. Connors, Jr.	Mayor		
Francis R. Hodgson, Sr.	Council President		
Peter M. Hartney	Councilman		
William D. Hodgson	Councilman		
John H. Klose	Councilman		
James B. Russell	Councilman		
Jackie Siciliano	Councilwoman		
Mary P. Madonna	Borough Administrator	*	JIF
	Municipal Clerk		
	Assessment Search Officer		
	Registrar of Vital Statistics		
David J. Pawlishak	Chief Financial Officer,	*	JIF
	Treasurer Water/Sewer Rents		
James B. Liguori	Municipal Court Judge	*	JIF
Constance Motter	Court Administrator	*	JIF
Walter Higgins	Assessor		
Christopher J. Connors	Solicitor		
Frank Little	Engineer		

All of the bonds were examined and appear to be properly executed.

* Joint Insurance Fund (JIF) Blanket Crime coverage in the amount of \$1,000,000.00

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia
Registered Municipal Accountant
No. CR435

Medford, New Jersey
June 21, 2015