

**BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR ENDED
DECEMBER 31, 2015**

BOROUGH OF SURF CITY
COUNTY OF OCEAN, NEW JERSEY

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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, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1 to the financial statements, the Borough of 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Surf City, County of Ocean, State of New Jersey, as of December 31, 2015 and 2014, 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 11, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 60.24% and 60.89% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Borough of Surf City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our

opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions 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 April 29, 2016, 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
RMA #435

Medford, New Jersey
April 29, 2016

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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 as 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 (herein referred to as “the Municipality”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated April 29, 2016. 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. As discussed in Note 1 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 Municipality’s financial statements as of and for the year ended December 31, 2015. 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 Municipality's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’s internal control.

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 Municipality'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 Municipality'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 Municipality'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 Municipality'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
CR #435

Medford, New Jersey
April 29, 2016

BASIC FINANCIAL STATEMENTS

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CURRENT FUND

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**BOROUGH OF SURF CITY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash - Treasurer	A-4	\$ 6,345,108.37	\$ 6,305,454.53
Cash - Change Funds	A	600.00	600.00
Investment - Bond Anticipation Notes	D	250,000.00	350,000.00
Due from State for Exemptions	A-5	4,025.10	3,775.10
		<u>6,599,733.47</u>	<u>6,659,829.63</u>
 Receivables With Full Reserves:			
Taxes Receivable	A-6	176,868.97	183,281.80
Tax Title Liens Receivable	A-7	708.52	669.08
Property Acquired for Taxes - Assessed Value	A	4,725.00	4,725.00
Revenue Accounts Receivable	A-8	2,444.44	2,042.70
Accounts Receivable	A	47,295.69	1,512.92
Due From Dog License Fund	B	174.04	151.49
Due from Capital Fund	C	115.17	-
		<u>232,331.83</u>	<u>192,382.99</u>
 Deferred Charges:			
Special Emergency Authorizations	A-10	-	23,627.33
		<u>6,832,065.30</u>	<u>6,875,839.95</u>
 Federal and State Grant Fund:			
Grant Receivable	A-19	15,000.00	-
Due From Current Fund	A	13,566.25	19,742.83
		<u>28,566.25</u>	<u>19,742.83</u>
 Total Assets		 <u>\$ 6,860,631.55</u>	 <u>\$ 6,895,582.78</u>

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

BOROUGH OF SURF CITY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Appropriation Reserves	A-3, A-9	\$ 1,164,111.92	\$ 896,727.61
Encumbrances Payable	A-11	58,426.46	85,435.99
Accounts Payable	A-12	3,370.40	5,773.37
Tax Overpayments	A-13	-	3,108.08
Prepaid Taxes	A-14	245,565.10	224,722.06
Local District School Tax Payable	A-16	139,137.23	184,829.73
Regional School Tax Payable	A-17	1,360,255.43	1,350,124.36
Due To:			
Federal & State Grant Fund	A	13,566.25	19,742.83
Capital Fund	C	-	46,663.48
Trust Other Fund	B	64,678.07	80,782.97
Utility Operating Fund	D	15,167.22	44,113.94
County for Added Tax	A-15	32,788.76	43,610.12
Reserve for Hurricane Expense	A-18	76,973.20	76,973.20
Reserve for Hurricane Sandy - FEMA receipts	A-18	79,891.76	13,521.24
Reserve for Library Aid	A-18	14.00	14.00
		<hr/>	<hr/>
		3,253,945.80	3,076,142.98
Reserve for Receivables	A	232,331.83	192,382.99
Fund Balance	A-1	3,345,787.67	3,607,313.98
		<hr/>	<hr/>
		6,832,065.30	6,875,839.95
Federal and State Grant Fund:			
Encumbrances Payable	A-20	-	2,155.06
Reserve for Grant Expenditures:			
Appropriated	A-20	15,210.79	-
Unappropriated	A-21	13,355.46	17,587.77
		<hr/>	<hr/>
		28,566.25	19,742.83
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,860,631.55</u>	<u>\$ 6,895,582.78</u>

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

BOROUGH OF SURF CITY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,592,900.00	\$ 1,332,500.00
Miscellaneous Revenue Anticipated	A-2	941,082.79	1,106,884.83
Receipts From Delinquent Taxes	A-2	187,096.14	187,846.55
Non-Budget Revenue	A-2	132,308.19	321,810.84
Receipts From Current Taxes	A-2, A-6	14,852,747.34	14,719,626.22
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	A-9	781,703.55	788,390.22
Prior Years Interfunds Returned	A-1	119.00	242.99
Accounts Payable Cancelled	A-1	-	8,437.20
		<hr/>	<hr/>
Total Revenues		18,487,957.01	18,465,738.85
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,603,800.00	2,472,734.00
Other Expenses	A-3	2,397,740.00	2,232,699.31
Deferred Charges and Statutory			
Expenditures	A-3	454,600.00	426,166.69
Appropriations Excluded From "CAPS":			
Other Expenses	A-3	129,774.17	100,053.45
Capital Improvements	A-3	191,500.00	408,500.00
Deferred Charges	A-3	376,710.97	312,935.26
County Taxes	A-15	6,660,117.27	6,558,207.62
County Share of Added Taxes	A-15	32,788.76	43,610.12
Local District School Tax	A-16	622,072.00	713,458.00
Regional High School Tax	A-17	3,639,645.00	3,625,148.00
Interfunds Advances	A	47,835.15	11,493.08
		<hr/>	<hr/>
Total Expenditures		17,156,583.32	16,905,005.53
Excess in Revenue		1,331,373.69	1,560,733.32
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		1,331,373.69	1,570,733.32
Fund Balance, January 1	A	3,607,313.98	3,369,080.66
		<hr/>	<hr/>
		4,938,687.67	4,939,813.98
Decreased By:			
Utilized as Anticipated Revenue	A-2	1,592,900.00	1,332,500.00
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 3,345,787.67	\$ 3,607,313.98
		<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	BUDGET	REALIZED	EXCESS/ (DEFICIT)
Fund Balance Anticipated	\$ 1,592,900.00	\$ 1,592,900.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcohol Beverages	1,400.00	1,400.00	-
Fees & Permits	10,000.00	18,073.00	8,073.00
Interest & Costs on Taxes	23,870.89	41,241.63	17,370.74
Beach Badge Fees	450,000.00	577,534.00	127,534.00
Energy Receipts Taxes	164,430.00	164,430.00	-
Uniform Construction Code Fees	64,300.00	85,405.05	21,105.05
Reserve for Hurricane Sandy Aid Recovered	13,521.24	13,521.24	-
FY2015 966 Reimbursement Program	6,890.10	6,890.10	-
Clean Communities Program	9,882.94	9,882.94	-
Body Armor Replacement Fund	1,343.51	1,343.51	-
Recycling Tonnage Grant	6,361.32	6,361.32	-
Municipal Public Access Plan Grant	15,000.00	15,000.00	-
	<u>767,000.00</u>	<u>941,082.79</u>	<u>174,082.79</u>
Receipts From Delinquent Taxes	<u>142,500.00</u>	<u>187,096.14</u>	<u>44,596.14</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>4,050,000.00</u>	<u>4,269,124.31</u>	<u>219,124.31</u>
Budget Totals	6,552,400.00	6,990,203.24	437,803.24
Non-Budget Revenue	<u>-</u>	<u>132,308.19</u>	<u>132,308.19</u>
	<u>\$ 6,552,400.00</u>	<u>\$ 7,122,511.43</u>	<u>\$ 570,111.43</u>

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

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenue

Allocation of Current Tax Collection:	
Revenue From Collections	\$ 14,852,747.34
Allocated To School and County Taxes	<u>10,954,623.03</u>
Balance for Support of Municipal Budget	3,898,124.31
Add:	
Appropriation Reserve for Uncollected Taxes	<u>371,000.00</u>
Balance for Support of Municipal Budget Appropriations	<u>\$ 4,269,124.31</u>
Delinquent Taxes:	
Taxes Receivable	<u>\$ 187,096.14</u>

Analysis of Non-Budget Revenue

Miscellaneous revenue not anticipated:	
Revenue Accounts Receivable:	
Municipal Court Fines & Costs	\$ 51,337.71
Interst on Investments & Savings	5,215.25
Vendors' Licenses	<u>5,000.00</u>
	<u>\$ 61,552.96</u>
T.V. Cable Franchise Fee	20,591.02
Zoning/Planning/Occupancy fees	5,755.00
Land Use Board Reimbursement and Fees	5,368.21
Insurance Refunds & Claims	22,613.81
Miscellaneous	6,933.43
Auction Proceeds	2,112.28
Recycling Receipts	<u>7,381.48</u>
	<u>70,755.23</u>
	<u>\$ 132,308.19</u>

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

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS			EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
General Appropriations						
Operations - Within "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	\$ 69,500.00	\$ 69,500.00	\$ 57,989.17	\$ -	\$ 11,510.83	\$ -
Other Expenses	20,000.00	20,000.00	11,912.79	112.20	7,975.01	-
Human Resources						
Other Expenses	7,500.00	7,500.00	-	-	7,500.00	-
Mayor and Council						
Salaries & Wages	50,200.00	50,200.00	50,132.04	-	67.96	-
Other Expenses	5,000.00	5,000.00	2,867.79	-	2,132.21	-
Municipal Clerk						
Salaries & Wages	101,100.00	101,100.00	87,755.92	-	13,344.08	-
Other Expenses	14,000.00	14,000.00	3,710.63	559.50	9,729.87	-
Financial Administration						
Salaries & Wages	98,100.00	98,100.00	87,874.51	-	10,225.49	-
Other Expenses	15,000.00	15,000.00	8,691.21	96.23	6,212.56	-
Audit Services						
Other Expenses - Annual Audit	17,000.00	17,000.00	15,390.00	-	1,610.00	-
Collection of Taxes						
Salaries & Wages	40,200.00	40,200.00	10,536.95	-	29,663.05	-
Other Expenses	37,000.00	37,000.00	25,043.51	1,280.22	10,676.27	-
Assessment of Taxes						
Salaries & Wages	8,600.00	8,600.00	1,513.95	-	7,086.05	-
Other Expenses	35,000.00	35,000.00	15,711.06	173.96	19,114.98	-
Legal Services						
Other Expenses	15,000.00	15,000.00	8,595.13	-	6,404.87	-
Engineering Services						
Other Expenses	10,000.00	10,000.00	3,699.78	-	6,300.22	-
Municipal Court						
Salaries & Wages	61,500.00	61,500.00	55,504.61	-	5,995.39	-
Other Expenses	8,500.00	8,500.00	4,502.15	1,252.16	2,745.69	-
Public Defender						
Other Expenses	1,800.00	1,800.00	169.50	-	1,630.50	-

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

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		EXPENDED			RESERVED	CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED			
Land Use Administration:							
Lande Use Board							
Salaries & Wages	14,800.00	14,800.00	1,865.86	-	12,934.14	-	-
Other Expenses	14,500.00	14,500.00	2,067.71	-	12,432.29	-	-
Code Enforcement & Administration:							
Other Code Enforcement Functions							
Salaries & Wages	7,200.00	7,200.00	7,042.41	-	157.59	-	-
Other Expenses	3,000.00	3,000.00	-	-	3,000.00	-	-
Insurance:							
General Liability	75,000.00	75,000.00	68,674.22	-	6,325.78	-	-
Workers Compensation	112,000.00	112,000.00	102,292.38	-	9,707.62	-	-
Employee Group Health	908,140.00	908,140.00	807,534.41	295.00	100,310.59	-	-
Health Benefit Waiver							
Salaries & Wages	15,000.00	15,000.00	5,416.67	-	9,583.33	-	-
Public Safety Functions:							
Police Department							
Salaries & Wages	1,255,400.00	1,230,400.00	1,118,026.57	-	112,373.43	-	-
Other Expenses	92,400.00	92,400.00	39,692.07	13,137.66	39,570.27	-	-
Police Dispatch/911							
Other Expenses	52,000.00	52,000.00	12,500.00	-	39,500.00	-	-
Office of Emergency Management							
Salaries & Wages	3,100.00	3,100.00	3,000.00	-	100.00	-	-
Other Expenses	6,000.00	6,000.00	1,032.75	504.45	4,462.80	-	-
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	7,783.30	708.37	8.33	-	-
Public Work Functions:							
Streets and Road Maintenance							
Salaries & Wages	100,400.00	100,400.00	61,162.33	-	39,237.67	-	-
Other Expenses	35,000.00	35,000.00	17,024.07	843.06	17,132.87	-	-
Solid Waste Collection							
Salaries & Wages	277,400.00	277,400.00	224,854.82	-	52,545.18	-	-
Other Expenses	27,000.00	27,000.00	4,774.48	1,735.00	20,490.52	-	-

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		EXPENDED			CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	
Building and Grounds						
Salaries & Wages	145,200.00	145,200.00	102,429.84	-	42,770.16	-
Other Expenses	63,000.00	63,000.00	27,965.42	1,689.43	33,345.15	-
Vehicle Maintenance (Incl. Police Vehicles)						
Salaries & Wages	32,200.00	32,200.00	27,801.09	-	4,398.91	-
Other Expenses	93,000.00	93,000.00	36,796.13	10,777.83	45,426.04	-
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	52,921.00	-	5,079.00	-
Environmental Health Services						
Salaries & Wages	5,400.00	5,400.00	2,590.00	-	2,810.00	-
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
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	-
Recreation of Services and Programs						
Salaries & Wages	6,100.00	6,100.00	2,590.00	-	3,510.00	-
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	-
Maintenance of Parks						
Salaries & Wages	35,100.00	35,100.00	28,332.96	-	6,767.04	-
Other Expenses - Veterans' Memorial Park	4,000.00	4,000.00	414.66	-	3,585.34	-
Other Expenses - Other Facilities	3,000.00	3,000.00	1,235.11	965.00	799.89	-
Beach & Boardwalk Operations						
Salaries & Wages	281,300.00	281,300.00	262,394.57	-	18,905.43	-
Other Expenses	56,000.00	56,000.00	37,461.06	125.80	18,413.14	-
Other Common Operating Functions (Unclassified)						
Municipal Bus Service						
Other Expenses	10,000.00	10,000.00	10,000.00	-	-	-
Accumulated Leave Compensation						
Salaries & Wages	7,000.00	7,000.00	7,000.00	-	-	-
Celebration of Public Events						
Other Expenses	1,000.00	1,000.00	244.04	-	755.96	-

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS			EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Utility Expenses & Bulk Purchases						
Electricity	25,000.00	25,000.00	20,326.12	-	4,673.88	-
Street Lighting	42,000.00	42,000.00	37,873.73	-	4,126.27	-
Telephone	26,000.00	26,000.00	25,143.94	-	856.06	-
Gas (natural or propane)	17,000.00	17,000.00	11,295.27	-	5,704.73	-
Telecommunications	6,000.00	6,000.00	2,381.53	-	3,618.47	-
Gasoline	95,000.00	95,000.00	38,797.88	-	56,202.12	-
Landfill/Solid Waste Disposal Costs:						
Landfill/Solid Waste Disposal Costs	180,000.00	180,000.00	154,105.71	1,330.78	24,563.51	-
Other Expenses						
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17)						
Salaries & Wages	11,300.00	11,300.00	7,299.61	-	4,000.39	-
Other Expenses	53,000.00	53,000.00	30,738.66	131.98	22,129.36	-
Contingent	4,000.00	4,000.00	-	-	4,000.00	-
Total Operations Including Contingent Within CAPS	5,001,540.00	5,001,540.00	4,003,223.08	36,390.63	961,926.29	-
Detail:						
Salaries & Wages	2,628,800.00	2,603,800.00	2,215,133.88	-	388,666.12	-
Other Expenses	2,372,740.00	2,397,740.00	1,788,089.20	36,390.63	573,260.17	-
Total Operations Including Contingent Within CAPS	5,001,540.00	5,001,540.00	4,003,223.08	36,390.63	961,926.29	-
Deferred Charges & Statutory Expenditures - Within CAPS:						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	60,720.00	60,720.00	60,720.00	-	-	-
Social Security System (O.A.S.I.)	203,000.00	203,000.00	151,608.68	-	51,391.32	-
Police and Firemen's Retirement System of NJ	179,568.00	179,568.00	179,568.00	-	-	-
Unemployment Insurance	9,000.00	9,000.00	7,312.02	-	1,687.98	-
Defined Contribution Retirement Program	2,312.00	2,312.00	498.45	-	1,813.55	-

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

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015**

	APPROPRIATIONS		EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED / CANCELLED
Total Statutory Expenditures Within CAPS	454,600.00	454,600.00	399,707.15	-	54,892.85
Total General Appropriations Within CAPS	5,456,140.00	5,456,140.00	4,402,930.23	36,390.63	1,016,819.14
Operations Excluded from CAPS:					
Insurance					
Employee Group Health	26,860.00	26,860.00	26,860.00	-	-
Length of Service Awards Program (L.O.S.A.P.)					
Other Expenses	56,320.00	56,320.00	-	-	56,320.00
Recycling Tax (P.L. 2007, c. 311)					
Other Expenses	7,300.00	7,300.00	5,347.98	-	1,952.02
Interlocal Municipal Service Agreements:					
FY2015 966 Reimbursement Program:					
Other Expenses	6,890.10	6,890.10	6,706.40	-	183.70
Public & Private Programs Offset by Revenues:					
Clean Communities Program	9,882.94	9,882.94	9,882.94	-	-
Body Armor Replacement Fund	1,343.51	1,343.51	1,343.51	-	-
Recycling Tonnage Grant	6,361.32	6,361.32	6,361.32	-	-
Municipal Public Access Plan Grant	15,000.00	15,000.00	15,000.00	-	-
State & Federal Programs - Local Match	2,091.16	2,091.16	-	-	2,091.16
Total Operations Excluded from CAPS	132,049.03	132,049.03	71,502.15	-	58,272.02
Detail:					
Other Expenses	132,049.03	132,049.03	71,502.15	-	58,272.02
Capital Improvements - Excluded from CAPS:					
Capital Improvement Fund	60,000.00	60,000.00	60,000.00	-	-
Rehabilitation of Borough Property	50,000.00	50,000.00	-	16,995.00	33,005.00
Reserve for Purchase of Lifeguard Boat	1,500.00	1,500.00	1,500.00	-	-
Purchase of Public Safety Equipment	15,000.00	15,000.00	-	5,040.83	9,959.17
Purchase of Computer Hardware	5,000.00	5,000.00	-	-	5,000.00
Improvements to Recreation Areas	60,000.00	60,000.00	18,943.41	-	41,056.59

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

BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED / CANCELLED
Total Capital Improvements	191,500.00	191,500.00	80,443.41	22,035.83	89,020.76
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)	10,000.00 13,627.33	10,000.00 13,627.33	10,000.00 13,627.33	- -	- -
Deferred Charges to Future Taxation - Unfunded: Acquisition of Beach Rake Acquisition of Trash Truck Acquisition of Fire Apparatus & Related Equipment Removal of Underground Diesel Storage Tank	47,752.64 160,769.00 125,000.00 19,562.00	47,752.64 160,769.00 125,000.00 19,562.00	47,752.64 160,769.00 125,000.00 19,562.00	- - - -	- - - -
Total Deferred Charges	376,710.97	376,710.97	376,710.97	-	-
Total General Appropriations Excluded from CAPS	725,260.00	725,260.00	528,656.53	22,035.83	147,292.78
Subtotal General Appropriations Reserve for Uncollected Taxes	6,181,400.00 371,000.00	6,181,400.00 371,000.00	4,931,586.76 371,000.00	58,426.46 -	1,164,111.92 -
Total General Appropriations	\$ 6,552,400.00	\$ 6,552,400.00	\$ 5,302,586.76	\$ 58,426.46	\$ 1,164,111.92
Federal & State Grants			\$ 39,294.17		
Deferred Charges: Special Emergency Authorizations Refunds Reserve for Uncollected Taxes Cash			23,627.33 (138,824.90) 371,000.00 5,007,490.16		
			\$ 5,302,586.76	\$ 58,426.46	\$ 1,164,111.92
					\$ 27,274.86

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

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TRUST FUND

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**BOROUGH OF SURF CITY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Animal Control Fund:			
Cash	B-1	\$ 463.39	\$ 485.84
		<u>463.39</u>	<u>485.84</u>
Trust - Other Fund:			
Cash	B-1	350,316.93	311,647.59
Due from Current Fund	B-2	64,678.07	80,782.97
		<u>414,995.00</u>	<u>392,430.56</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-7	629,360.41	611,731.38
Total Assets		<u>\$ 1,044,818.80</u>	<u>\$ 1,004,647.78</u>
 <u>Reserves</u>			
Animal Control Fund:			
Due Current Fund	B-4	\$ 174.04	\$ 151.49
Reserve for Dog Fund Expenditures	B-5	289.35	334.35
		<u>463.39</u>	<u>485.84</u>
Trust - Other Fund:			
Due from Water/Sewer Operating Fund	B-3	16,627.00	-
Various Reserves	B-6	398,368.00	392,430.56
		<u>414,995.00</u>	<u>392,430.56</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves	B-8	629,360.41	611,731.38
Total Reserves		<u>\$ 1,044,818.80</u>	<u>\$ 1,004,647.78</u>

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

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GENERAL CAPITAL FUND

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**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	C-2	\$ 1,891,148.10	\$ 1,600,572.97
Due From Current Fund	C-4	-	46,663.48
Deferred Charges To Future Taxation: Unfunded	C-5	<u>1,705,469.87</u>	<u>1,559,803.51</u>
Total Assets		<u>\$ 3,596,617.97</u>	<u>\$ 3,207,039.96</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-6	\$ 820,985.39	\$ 195,199.75
Unfunded	C-6	1,139,685.91	1,328,771.71
Reserve for Encumbrances	C-6	717,513.00	-
Due To Current Fund	C-4	115.17	-
Capital Improvement Fund	C-7	791,682.50	807,932.50
Reserve for Debt Service	C-8	36,683.33	36,683.33
Reserve for Purchase of Lifeguard Boat	C-8	7,500.00	6,000.00
Reserve for Rehabilitation of DPW Facilities	C-8	-	450,000.00
Reserve for Resurfacing of Roads	C-8	-	300,000.00
Capital Fund Balance	C-1	<u>82,452.67</u>	<u>82,452.67</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,596,617.97</u>	<u>\$ 3,207,039.96</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$1,705,469.87 and on December 31, 2014 was \$1,559,803.51.

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Balance, December 31, 2015 and 2014

\$ 82,452.67

WATER-SEWER UTILITY FUND

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BOROUGH OF SURF CITY
WATER/SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Operating Fund:			
Cash	D-4	\$ 1,424,973.92	\$ 1,305,890.04
Change Fund	D	250.00	250.00
Due from Utility Capital Fund	D	26.19	20.97
Due from Trust-Other Fund	B	16,627.00	-
Due from Current Fund	A	15,167.22	44,113.94
Subtotal		1,457,044.33	1,350,274.95
Water/Sewer Rents Receivable	D-6	32,589.15	36,216.90
Total Operating Fund		1,489,633.48	1,386,491.85
Capital Fund:			
Cash	D-4	435,268.80	361,546.08
Fixed Capital - Completed	D-7	7,351,707.80	7,340,515.30
Fixed Capital - Authorized and Uncompleted	D-8	663,200.63	664,483.13
Total Capital Fund		8,450,177.23	8,366,544.51
Total Assets		\$ 9,939,810.71	\$ 9,753,036.36
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Accounts Payable	D-12	\$ 8,681.52	\$ 14,393.66
Encumbrances Payable	D-10	22,409.51	44,078.20
Appropriation Reserves	D-3	454,058.44	423,441.69
Prepaid Rents	D-11	10,407.88	4,246.38
Subtotal		495,557.35	486,159.93
Reserve for Water/Sewer Rents Receivables		32,589.15	36,216.90
Operating Fund Balance	D	961,486.98	864,115.02
Total Operating Fund		1,489,633.48	1,386,491.85
Capital Fund:			
Bond Anticipation Notes	D-13	250,000.00	350,000.00
Due To Utility Operating Fund	D	26.19	20.97
Capital Improvement Fund	D-15	424,565.51	399,565.51
Improvement Authorizations Unfunded	D-14	663,200.63	664,483.13
Reserve for Amortization	D-16	7,104,908.43	6,944,998.43
Capital Fund Balance	D-1(a)	7,476.47	7,476.47
Total Capital Fund		8,450,177.23	8,366,544.51
Total Liabilities, Reserves and Fund Balances		\$ 9,939,810.71	\$ 9,753,036.36

There were bonds and notes authorized but not issued on December 31, 2015 of \$660,000.00 and on December 31, 2014 was \$710,000.00.

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

BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Fund Balance Anticipated	D-2	\$ 665,000.00	\$ 665,000.00
Water/Sewer Rents	D-2	1,656,864.25	1,664,963.94
Fire Hydrant Service	D-2	118,400.00	111,270.00
Miscellaneous Revenues Not Anticipated	D-2	83,669.61	85,464.43
Other Credits to Income:			
Accounts Payable Cancelled	D-12	5,659.16	-
Appropriation Reserves Lapsed	D-9	420,578.94	352,024.92
		<hr/>	<hr/>
Total Revenues		2,950,171.96	2,878,723.29
		<hr/>	<hr/>
Expenditures:			
Budget Appropriations:			
Operating	D-3	1,862,900.00	1,789,200.00
Capital Improvements	D-3	100,000.00	100,000.00
Debt Service	D-3	100,000.00	169,255.35
Deferred Charges and Statutory Expenditures	D-3	124,900.00	118,310.00
		<hr/>	<hr/>
Total Expenditures		2,187,800.00	2,176,765.35
		<hr/>	<hr/>
Excess in Revenue		762,371.96	701,957.94
Fund Balance, January 1	D	864,115.02	827,157.08
		<hr/>	<hr/>
		1,626,486.98	1,529,115.02
Decreased By:			
Utilized as Anticipated Revenue	D-1	665,000.00	665,000.00
		<hr/>	<hr/>
Fund Balance, December 31	D	\$ 961,486.98	\$ 864,115.02
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The accompanying Notes to Financial Statements are an integral part of this statement.

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Balance, December 31, 2015 and 2014

\$ 7,476.47

BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Surplus Anticipated	\$ 665,000.00	\$ 665,000.00	\$ -
Water Rents	750,000.00	886,002.03	136,002.03
Sewer Rents	750,000.00	770,862.22	20,862.22
Fire Hydrant Service	47,800.00	118,400.00	70,600.00
	<u>\$ 2,212,800.00</u>	<u>\$ 2,440,264.25</u>	<u>\$ 227,464.25</u>

Analysis of Miscellaneous Revenue

Tower Rent for Cellular Antennae	\$ 68,350.38
Shut-Off Fees	8,100.00
Tap Fees	1,500.00
Interest on Delinquents	4,428.86
Interest on Investments	989.10
Miscellaneous	10.30
	<u>83,378.64</u>
Interest Earned in Utility Capital Fund	<u>290.97</u>
Total Miscellaneous Revenue Not Anticipated	<u>\$ 83,669.61</u>

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

BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS			PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION					
Operating:							
Salaries and Wages	\$ 437,900.00	\$ 437,900.00	\$ 359,635.04	\$ -	\$ 78,264.96	\$ -	
Other Expenses	1,425,000.00	1,425,000.00	1,108,083.24	9,542.51	307,374.25	-	
Total Operating	1,862,900.00	1,862,900.00	1,467,718.28	9,542.51	385,639.21	-	
Capital Improvements:							
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-	
Capital Outlay	75,000.00	75,000.00	9,910.00	12,867.00	52,223.00	-	
Total Capital Improvements	100,000.00	100,000.00	34,910.00	12,867.00	52,223.00	-	
Debt Service:							
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00	-	-	-	
Interest on Notes	25,000.00	25,000.00	-	-	-	25,000.00	
Total Debt Service	125,000.00	125,000.00	100,000.00	-	-	25,000.00	
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	36,432.00	36,432.00	36,432.00	-	-	-	
Social Security System (O.A.S.I.)	33,500.00	33,500.00	21,249.82	-	12,250.18	-	
Defined Contribution Retirement Plan	768.00	768.00	-	-	768.00	-	
Unemployment Compensation Insurance	4,200.00	4,200.00	1,021.95	-	3,178.05	-	
Total Statutory Expenditures	74,900.00	74,900.00	58,703.77	-	16,196.23	-	
Total Water/Sewer Utility Fund Appropriations	\$ 2,212,800.00	\$ 2,212,800.00	\$ 1,711,332.05	\$ 22,409.51	\$ 454,058.44	\$ 25,000.00	
			Refunds \$ (69,412.44)				
			Cash Disbursements 1,780,744.49				
			\$ 1,711,332.05				

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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BOROUGH OF SURF CITY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS -
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	BALANCE DECEMBER 31, <u>2015</u>	BALANCE DECEMBER 31, <u>2014</u>
Land	E-1	\$ 748,506.36	\$ 748,506.36
Buildings	E-1	726,738.12	721,025.62
Equipment	E-1	578,888.59	554,904.35
Motor Vehicles	E-1	<u>2,152,699.69</u>	<u>2,123,471.19</u>
Total General Fixed Assets		<u>\$ 4,206,832.76</u>	<u>\$ 4,147,907.52</u>
Investment in General Fixed Assets	E	<u>\$ 4,206,832.76</u>	<u>\$ 4,147,907.52</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, 2015

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BOROUGH OF SURF CITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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 as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statement No. 39 and 61.

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, 2015

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, 2015 is \$128,232.55.

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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.

Impact of Recently Issued Accounting Principles - For the year ended December 31, 2015, the Borough implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No.27). The implementation of the Statement requires the Borough to disclose its portion of the collective net pension liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police and Firemen’s Retirement System (PFRS).

Subsequent Events

The Borough has evaluated subsequent events occurring after December 31, 2015 through the date of April 29, 2016, 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, 2015 and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 10,447,279.51
Total Deposits	<u>\$ 10,447,279.51</u>

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 2. Cash (continued):

The Borough's Cash is Reported as Follows:

Current Fund	\$ 6,345,108.37
Trust Other Fund	350,316.93
Animal Control Fund	463.39
Capital Fund	1,891,148.10
Utility Operating Fund	1,424,973.92
Utility Capital Fund	<u>435,268.80</u>
 Total Cash	 <u><u>\$ 10,447,279.51</u></u>

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2015, the Borough's bank balances of \$10,518,278.45 were exposed to custodial credit risk as follows:

Insured	\$ 377,917.47
Uninsured and uncollateralized	373,547.51
Collateralized in the Borough's Name Under GUDPA	<u>9,766,813.47</u>
 Total	 <u><u>\$10,518,278.45</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 counterparty's trust department or agent but not in the Borough's name.

BOROUGH OF SURF CITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2015

Note 3. Investments (continued):

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, 2015, 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, 2015**

Note 3. Investments (continued):

	Fair Value <u>(LOSAP)</u>	Book Value	Total Reported Value
2015:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 629,360.41</u>	<u>\$ 629,360.41</u>	<u>\$ 629,360.41</u>

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>

As of December 31, 2015, 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>\$250,000</u>
Total Investments			<u>\$250,000</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

	2015	2014	2013
Total Tax Rate	\$ 0.962	\$ 0.957	\$ 0.929
Apportionment of Tax Rate:			
Municipal	0.260	0.252	0.244
County	0.428	0.425	0.406
Local School	0.040	0.046	0.044
Regional School	0.234	0.234	0.235

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 4. Property Taxes (continued)

Net Valuation Taxable

2015	<u>\$ 1,557,657,082</u>		
2014		<u>\$ 1,548,330,149</u>	
2013			<u>\$ 1,547,468,230</u>

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2015	\$ 15,041,725	\$ 14,852,747	98.74%
2014	14,916,049	14,719,626	98.68%
2013	14,415,578	14,215,280	98.61%

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
2015	\$ 708.52	\$ 176,868.97	\$ 177,577.49	1.18%
2014	669.08	183,281.80	183,950.88	1.23%
2013	629.84	190,113.54	190,743.38	1.32%

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	BEGINNING RECEIVABLE	LEVY	TOTAL	CASH COLLECTIONS	COLLECTION PERCENTAGE
2015	\$ 36,216.90	\$ 1,653,236.50	\$ 1,689,453.40	\$ 1,656,864.25	98.07%
2014	59,363.69	1,641,817.15	1,701,180.84	1,664,963.94	97.87%
2013	51,344.45	1,682,327.09	1,733,671.54	1,674,307.85	96.58%

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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					
2015	\$ 3,345,787.67	\$	1,332,500.00		39.83%
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%
	Balance		Utilized		Percentage
Year	December 31,		In Budget of		of Fund
			Succeeding Year		Balance Used
Utility Operating Fund					
2015	\$ 961,486.98	\$	720,600.00		74.95%
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%

Note 7. Interfund Receivables and Payables

The following interfunds remained as of December 31, 2015:

Fund	Interfund		Interfund
	Receivable		Payable
Current Fund	\$ 289.21	\$	93,411.54
Federal and State Grant Fund	13,566.25		-
Trust - Animal Control Fund	-		174.04
Trust - Other Fund	64,678.07		16,627.00
General Capital Fund	-		115.17
Water-Sewer Operating Fund	31,820.41		-
Water-Sewer Capital Fund	-		26.19
	<u>110,353.94</u>		<u>110,353.94</u>
	\$ 110,353.94	\$	110,353.94

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Interfund Receivables and Payables (continued):

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 441,526.55	\$ 539,555.95
Federal and State Grant Fund	26,238.44	20,061.86
Trust - Animal Control Fund	231.51	208.96
Trust - Other Fund	39,731.90	7,000.00
General Capital Fund	461,034.38	414,255.73
Water-Sewer Operating Fund	104,232.47	91,917.97
Water-Sewer Capital Fund	<u>75,290.97</u>	<u>75,285.75</u>
	<u>\$ 1,148,286.22</u>	<u>\$ 1,148,286.22</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 8. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$97,152 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability is valued to be \$2,591,150. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Borough's proportion measured as of June 30, 2015, was .01154%, which was a decrease of .00631% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Acturial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	2,591,150	2,206,433
District's portion of the Plan's total net pension Liability	0.01154%	0.01785%

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$160,905.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 3,220,483	\$ 2,591,150	\$ 2,063,522

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$179,568 for 2015.

The employee contributions for PFRS are 10.00% of employees’ annual compensation, as defined.

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

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough’s proportionate share of the PFRS net pension liability is valued to be \$4,039,505. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough’s proportion of the net pension liability was based on the Borough’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2015. The Borough’s proportion measured as of June 30, 2015, was .02425%, which was an increase of .00087% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 and December 31, 2014

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Net Pension Liability	4,039,505	2,940,880
District's portion of the Plan's total net pension Liability	0.02425%	0.02338%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$418,249.

Additionally, the State’s proportionate share of the net pension liability attributable to the Borough is \$560,437 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State’s proportion of the net pension liability associated with the Borough was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

measured as of June 30, 2015 was .02425%, which was an increase of .00087% from its proportion measured as of June 30, 2014, which is the same proportion as the Borough’s.

Borough's Proportionate Share of the Net Pension Liability	\$ 4,039,505
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>354,251</u>
Total Net Pension Liability	<u><u>\$ 4,393,756</u></u>

For the year ended December 31, 2015, the Borough’s total allocated pension expense was \$462,437.

Actuarial Assumptions – The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

	<u>PFRS</u>
Measurement date	June 30, 2015
Acturial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made on the average of the last five years of contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Borough’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
	<hr/>		
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 4,792,366	\$ 4,393,756	\$ 3,253,315

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 9. Long-Term Debt

During the fiscal year ended December 31, 2015 the following changes occurred in long-term debt:

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
Bond Anticipation Notes	\$ 350,000.00	\$ 250,000.00	\$ (350,000.00)	\$ 250,000.00	\$ 250,000.00
Net Pension Liability - PERS	2,206,433.00	384,717.00	-	2,591,150.00	-
Net Pension Liability - PFRS	2,940,880.00	1,098,625.00	-	4,039,505.00	-
Compensated Absences	124,737.54	3,495.01	-	128,232.55	-
Total	<u>\$ 5,622,050.54</u>	<u>\$ 1,736,837.01</u>	<u>\$ (350,000.00)</u>	<u>\$ 7,008,887.55</u>	<u>\$ 250,000.00</u>

A Summary of Municipal Debt is as follows:

	2015	2014	2013
Bonds & Notes Issued:			
General Capital Fund	\$ -	\$ -	\$ -
Water & Sewer Utility Capital Fund	250,000.00	350,000.00	519,000.00
Bonds & Notes Authorized but not Issued:			
General Capital Fund	1,705,470.00	1,559,804.00	977,991.00
Water & Sewer Utility Capital Fund	<u>660,000.00</u>	<u>710,000.00</u>	<u>760,000.00</u>
Total Loans & Bonds & Notes Issued & Authorized but not Issued	<u>\$2,615,470.00</u>	<u>\$2,619,804.00</u>	<u>\$2,256,991.00</u>
Less: Funds Temporarily Held to Pay Bonds & Notes:			
Deduction for Self-Liquidating Purposes	910,000.00	1,060,000.00	1,279,000.00
Reserve for payment of Debt	<u>36,683.00</u>	<u>36,683.00</u>	<u>36,683.00</u>
Total Deductions	<u>946,683.00</u>	<u>1,096,683.00</u>	<u>1,315,683.00</u>
Net Bond & Notes Issued & Authorized but not Issued	<u>\$1,668,787.00</u>	<u>\$1,523,121.00</u>	<u>\$ 941,308.00</u>

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 0.101%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 129,861.64	\$ 129,861.64	\$ -
Water-Sewer Utility Debt	910,000.00	910,000.00	-
General Debt	1,705,469.87	36,683.33	1,668,786.54
	<hr/>	<hr/>	<hr/>
Total	\$ 2,745,331.51	\$ 1,076,544.97	\$ 1,668,786.54
	<hr/>	<hr/>	<hr/>

Net Debt, \$1,668,786.54 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,660,443,919.33 equals 0.101%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 58,115,537.18
Net Debt	<u>1,668,786.54</u>
Remaining Borrowing Power	<u><u>\$ 56,446,750.64</u></u>

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

Cash Receipts From Fees, Rents & Other Charges	\$ 2,523,933.86
Deductions:	
Operating & Maintenance Costs	\$ 1,937,800.00
Debt Service	<u>100,000.00</u>
	<u>2,037,800.00</u>
Excess Revenue - Self Liquidating	<u><u>\$ 486,133.86</u></u>

Bond Anticipation Notes

During the year ended December 31, 2015 the Borough issued a bond anticipation note in the amount of \$250,000 with an interest rate of 0.00% and maturing on May 15, 2016 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, 2015**

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, 2015:

	Local District		Regional School	
	2015	2014	2015	2014
Balance of Tax	\$ 311,036.50	\$ 356,729.00	\$ 1,756,463.91	\$ 1,746,332.84
Deferred	171,899.27	171,899.27	396,208.48	396,208.48
Tax Payable	\$ 139,137.23	\$ 184,829.73	\$ 1,360,255.43	\$ 1,350,124.36

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, 2015. Contributions of \$54,050 have been made during 2015.

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, 2015**

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, 2015:

	December 31, 2014	Additions	Deletions	December 31, 2015
Fixed Assets not being depreciated:				
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	721,025.62	5,712.50	-	726,738.12
Equipment	554,904.35	23,984.24	-	578,888.59
Motor Vehicles	2,123,471.19	56,758.50	(27,530.00)	2,152,699.69
Capital assets not being depreciated	\$ 4,147,907.52	\$ 86,455.24	\$ (27,530.00)	\$ 4,206,832.76

All additions are recorded at cost.

BOROUGH OF SURF CITY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015, the Borough estimates that no material liabilities will result from such audits.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF CASH - COLLECTOR/TREASURER
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 6,305,454.53
Increased By:		
Interest & Costs on Taxes	\$ 41,241.63	
Miscellaneous Revenue Not Anticipated	70,755.23	
Due from State for Exemptions	33,500.00	
Taxes Receivable	14,792,799.52	
Revenue Accounts Receivable	908,395.01	
Prepaid Taxes	245,565.10	
Grants Receivable	6,706.40	
Reserve for Grants Unappropriated	13,355.46	
Appropriation Refunds	138,824.90	
Due from Animal Control Fund	208.96	
Investment in Bond Anticipation Notes	100,000.00	
Various Reserves	79,891.76	
	16,431,243.97	16,431,243.97
		22,736,698.50
Decreased By:		
2015 Budget Appropriations	5,007,490.16	
2014 Appropriation Reserves	200,460.05	
Accounts Payable	2,402.97	
Refund of Tax Overpayments	3,108.08	
County Taxes	6,703,727.39	
Local District School Tax	667,764.50	
Regional High School Tax	3,629,513.93	
Reserve for Grants Appropriated	26,238.44	
Due to Stafford for Inspection Fees	41,854.00	
Due to State for DCA Fees	9,880.15	
Due from Animal Control Fund	112.00	
Due from Trust Other Fund	23,104.90	
Due to General Capital Fund	47,950.74	
Due from Utility Operating Fund	27,982.82	
	16,391,590.13	16,391,590.13
Balance, December 31, 2015		\$ 6,345,108.37

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	3,775.10
Increased By:			
Senior Citizens' Deductions per Tax Billing	\$	1,750.00	
Veterans' Deductions per Tax Billing		31,750.00	
Deductions Allowed By Collector:			
Senior Citizens'		250.00	
			33,750.00
			37,525.10
Decreased By:			
Cash Receipts			33,500.00
Balance, December 31, 2015		\$	4,025.10

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2015**

YEAR	BALANCE DECEMBER 31, 2014	2015 LEVY	COLLECTIONS		SENIOR CITIZENS' AND VETERANS' DEDUCTIONS ALLOWED/ (DISALLOWED)	TRANSFER TO TAX TITLE LIENS	ADJUSTMENTS/ (CANCELLED)	BALANCE DECEMBER 31, 2015
			2014	2015				
2014	\$ 183,281.80	\$ 3,814.34	\$ -	\$ 187,096.14	\$ -	\$ -	\$ -	\$ -
2015	-	15,041,724.97	224,722.06	14,594,275.28	33,750.00	39.44	(12,069.22)	176,868.97
	\$ 183,281.80	\$ 15,045,539.31	\$ 224,722.06	\$ 14,781,371.42	\$ 33,750.00	\$ 39.44	\$ (12,069.22)	\$ 176,868.97

Analysis of Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 14,971,834.27
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	69,890.70
	<u>\$ 15,041,724.97</u>
Tax Levy:	
Local School Taxes	\$ 622,072.00
Regional School Taxes	3,639,645.00
County Taxes	\$ 6,660,117.27
Due To County for Added and Omitted Taxes	<u>32,788.76</u>
	6,692,906.03
Local Tax for Municipal Purposes	4,050,000.00
Additional Tax Levied	<u>37,101.94</u>
Total	<u>\$ 15,041,724.97</u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 669.08
Increased By:	
Transfers From Taxes Receivable	<u>39.44</u>
Balance, December 31, 2015	<u><u>\$ 708.52</u></u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	ACCRUED IN <u>2015</u>	<u>COLLECTED</u>	BALANCE DECEMBER 31, <u>2015</u>
Liquor License	\$ -	\$ 1,400.00	\$ 1,400.00	\$ -
Vendor License	-	5,000.00	5,000.00	-
Other Fees & Permits	-	18,073.00	18,073.00	-
Municipal Court Fines & Costs	2,042.70	51,739.45	51,337.71	2,444.44
Interest on Investments	-	5,215.25	5,215.25	-
Beach Badge Fees	-	577,534.00	577,534.00	-
Energy Receipts Taxes	-	164,430.00	164,430.00	-
Uniform Construction Code Fees	-	85,405.05	85,405.05	-
	<u>\$ 2,042.70</u>	<u>\$ 908,796.75</u>	<u>\$ 908,395.01</u>	<u>\$ 2,444.44</u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
GENERAL GOVERNMENT				
General Administration				
Salaries & Wages	\$ 5,103.08	\$ 5,103.08	\$ -	\$ 5,103.08
Other Expenses	309.62	2,445.42	1,986.00	459.42
Human Resources				
Other Expenses	7,500.00	7,500.00	-	7,500.00
Mayor and Council				
Salaries & Wages	2,170.48	2,170.48	-	2,170.48
Other Expenses	2,707.98	2,707.98	-	2,707.98
Municipal Clerk				
Salaries & Wages	9,387.96	9,387.96	-	9,387.96
Other Expenses	5,458.66	6,109.21	710.53	5,398.68
Financial Administration				
Salaries & Wages	12,835.46	12,835.46	-	12,835.46
Other Expenses	1,810.30	2,147.30	382.00	1,765.30
Collection of Taxes				
Salaries & Wages	12,896.30	12,896.30	-	12,896.30
Other Expenses	2,212.99	2,386.91	737.90	1,649.01
Assessment of Taxes				
Salaries & Wages	5,020.72	5,020.72	-	5,020.72
Other Expenses	27,304.10	27,304.10	16,840.51	10,463.59
Legal Services				
Other Expenses	3,416.39	3,416.39	759.50	2,656.89
Engineering Services				
Other Expenses	3,629.43	3,629.43	1,189.89	2,439.54
Municipal Court				
Salaries & Wages	6,146.61	6,146.61	-	6,146.61
Other Expenses	3,280.59	3,305.59	25.00	3,280.59
Public Defender				
Other Expenses	1,800.00	1,800.00	691.50	1,108.50
Land Use Administration:				
Land Use Board				
Salaries & Wages	11,465.21	11,465.21	-	11,465.21
Other Expenses	12,780.90	13,241.88	460.98	12,780.90
Code Enforcement & Administration:				
Other Code Enforcement Functions				
Salaries & Wages	108.96	108.96	-	108.96
Other Expenses	3,000.00	3,000.00	-	3,000.00
Insurance:				
General Liability	5,222.87	5,222.87	-	5,222.87
Workers Compensation	9,509.97	9,509.97	-	9,509.97
Employee Group Health	29,958.47	29,958.47	-	29,958.47
Land Use Board				
Salaries & Wages	7,500.00	7,500.00	-	7,500.00

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Public Safety Functions:				
Police Department				
Salaries & Wages	125,705.67	125,705.67	-	125,705.67
Other Expenses	31,965.53	67,449.73	36,728.20	30,721.53
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	1,437.23	1,437.23	1,307.00	130.23
Municipal Prosecutor's Office				
Other Expenses	-	708.37	708.37	-
Public Work Functions:				
Streets and Road Maintenance				
Salaries & Wages	25,217.75	25,217.75	-	25,217.75
Other Expenses	24,685.24	25,728.74	1,199.54	24,529.20
Solid Waste Collection				
Salaries & Wages	55,001.37	55,001.37	-	55,001.37
Other Expenses	19,562.55	19,861.54	714.67	19,146.87
Building and Grounds				
Salaries & Wages	19,262.66	19,262.66	-	19,262.66
Other Expenses	8,742.08	34,747.56	26,615.92	8,131.64
Vehicle Maintenance (Incl. Police Vehicles)				
Salaries & Wages	4,267.79	4,267.79	-	4,267.79
Other Expenses	36,212.32	45,503.31	9,851.76	35,651.55
Health & Human Services Functions:				
Board of Health				
Salaries & Wages	680.00	680.00	-	680.00
Other Expenses	4,464.25	4,464.25	-	4,464.25
Environmental Health Services				
Salaries & Wages	243.75	243.75	-	243.75
Other Expenses	1,255.00	1,255.00	-	1,255.00
Animal Control Services				
Other Expenses	1,808.00	2,480.00	1,344.00	1,136.00
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
Recreation of Services and Programs				
Salaries & Wages	959.75	959.75	-	959.75
Other Expenses	2,000.00	2,000.00	-	2,000.00
Maintenance of Parks				
Salaries & Wages	5,065.26	5,065.26	-	5,065.26
Other Expenses - Veterans' Memorial Park	2,540.10	2,540.10	-	2,540.10
Other Expenses - Other Facilities	1,765.52	1,874.50	108.98	1,765.52

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Beach & Boardwalk Operations				
Salaries & Wages	38,449.70	25,329.70	-	25,329.70
Other Expenses	17,425.14	22,774.30	5,399.16	17,375.14
Other Common Operating Functions (Unclassified)				
Celebration of Public Events				
Other Expenses	1,000.00	1,000.00	-	1,000.00
Utility Expenses & Bulk Purchases				
Electricity	7,274.01	8,319.08	737.96	7,581.12
Street Lighting	4,321.47	4,321.47	3,649.23	672.24
Telephone	1,418.22	2,918.22	2,127.85	790.37
Gas (natural or propane)	2,086.63	3,586.63	2,036.30	1,550.33
Telecommunications	3,345.27	3,345.27	216.95	3,128.32
Gasoline	18,523.06	19,001.12	3,978.06	15,023.06
Landfill/Solid Waste Disposal Costs:				
Other Expenses	27,845.93	27,845.93	-	27,845.93
Uniform Construction Code:				
Salaries & Wages	833.65	833.65	-	833.65
Other Expenses	21,664.96	27,832.90	26,824.29	1,008.61
Contingent	4,000.00	4,000.00	-	4,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	37,026.00	37,026.00	-	37,026.00
Unemployment	200.89	200.89	-	200.89
Defined Contribution Retirement Program	1,670.66	1,670.66	-	1,670.66
Length of Service Awards Program (L.O.S.A.P.)				
Other Expenses	51,200.00	56,320.00	48,128.00	8,192.00
Recycling Tax (P.L. 2007, c. 311):				
Other Expenses	1,979.17	1,979.17	-	1,979.17
Capital Improvements:				
Rehabilitation of Borough Property	22,850.00	22,850.00	-	22,850.00
Purchase of Computer Hardware	933.98	933.98	-	933.98
Improvements to Recreation Area	60,000.00	60,000.00	-	60,000.00
	<u>\$ 896,727.61</u>	<u>\$ 982,163.60</u>	<u>\$ 200,460.05</u>	<u>\$ 781,703.55</u>

Appropriation Reserves	\$ 896,727.61
Encumbrances Payable	<u>85,435.99</u>
	<u>\$ 982,163.60</u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF DEFERRED CHARGES - N.J.S.A. 40A:4-54
SPECIAL EMERGENCY AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	BALANCE DECEMBER 31, <u>2014</u>	RAISED IN 2015 <u>BUDGET</u>	BALANCE DECEMBER 31, <u>2015</u>
2012	Superstorm Sandy	\$ 300,000.00	\$ 13,627.33	\$ 13,627.33	\$ -
2014	LOSAP Review	10,000.00	10,000.00	10,000.00	-
			<hr/>		
Total			\$ 23,627.33	\$ 23,627.33	\$ -
			<hr/> <hr/>		

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 85,435.99
Increased By:	
Current Appropriations	<u>58,426.46</u>
	143,862.45
Decreased By:	
Transferred To Appropriation Reserves	<u>85,435.99</u>
Balance, December 31, 2015	<u><u>\$ 58,426.46</u></u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 5,773.37
Decreased By:	
Cash Disbursements	<u>2,402.97</u>
Balance, December 31, 2015	<u><u>\$ 3,370.40</u></u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 3,108.08
Decreased By:	
Cash Disbursements	<u>3,108.08</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$	224,722.06
Increased By:		
Prepaid Taxes Collected		245,565.10
		470,287.16
Decreased By:		
Applied To Taxes Receivable		224,722.06
Balance, December 31, 2015	\$	245,565.10

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$	43,610.12
Increased By:			
2015 Tax Levy:			
County Taxes	\$	5,829,293.33	
County Library Taxes		631,239.64	
County Open Space Taxes		199,584.30	
Due To County for Added and Omitted Taxes		32,788.76	
			6,692,906.03
			6,736,516.15
Decreased By:			
Cash Disbursements			6,703,727.39
Balance, December 31, 2015		\$	32,788.76

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES
BALANCE, DECEMBER 31, 2015**

Balance, December 31, 2014:		
School Tax Payable	\$ 184,829.73	
School Tax Deferred	171,899.27	
		\$ 356,729.00
Increased By:		
Levy - July 1, 2015 to June 30, 2016		622,072.00
		978,801.00
Decreased By:		
Cash Disbursements		667,764.50
		311,036.50
Balance, December 31, 2015:		
School Tax Payable	139,137.23	
School Tax Deferred	171,899.27	
		\$ 311,036.50
 <u>2015 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2015		\$ 139,137.23
Tax Paid		667,764.50
		806,901.73
Less:		
Tax Payable, December 31, 2014		184,829.73
		622,072.00
Amount Charged to 2015 Operations		\$ 622,072.00

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF REGIONAL SCHOOL TAXES
BALANCE, DECEMBER 31, 2015**

Balance, December 31, 2014:			
School Tax Payable	\$	1,350,124.36	
School Tax Deferred		396,208.48	
		396,208.48	\$ 1,746,332.84
Increased By:			
Levy - July 1, 2015 to June 30, 2016			3,639,645.00
			5,385,977.84
Decreased By:			
Cash Disbursements			3,629,513.93
Balance, December 31, 2015:			
School Tax Payable		1,360,255.43	
School Tax Deferred		396,208.48	
		396,208.48	\$ 1,756,463.91
<u>2015 Liability for Regional High School Tax</u>			
Tax Payable, December 31, 2015			\$ 1,360,255.43
Tax Paid			3,629,513.93
			4,989,769.36
Less:			
Tax Payable, December 31, 2014			1,350,124.36
Amount Charged to 2015 Operations			\$ 3,639,645.00

**BOROUGH OF SURF CITY
CURRENT FUND
STATEMENT OF VARIOUS RESERVES
BALANCE DECEMBER 31, 2015**

	BALANCE DECEMBER 31,			BALANCE DECEMBER 31,		
	<u>2014</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>2015</u>		
Library Aid	\$ 14.00	\$ -	\$ -	\$ 14.00		
Hurricane Sandy - FEMA receipts	13,521.24	79,891.76	13,521.24	79,891.76		
Hurricane Expense (Special Emergency)	76,973.20	-	-	76,973.20		
	<u>\$ 90,508.44</u>	<u>\$ 79,891.76</u>	<u>\$ 13,521.24</u>	<u>\$ 156,878.96</u>		

**BOROUGH OF SURF CITY
FEDERAL AND STATE GRANT FUND
STATEMENT OF GRANTS RECEIVABLE
BALANCE DECEMBER, 31, 2015**

Program	BALANCE AS OF DECEMBER 31, 2014	REVENUE ANTICIPATED 2015	2015 RECEIVED	TRANSFERRED FROM UNAPPROPRIATED	CANCELLED	BALANCE AS OF DECEMBER 31, 2015
Clean Communities	\$ -	9,882.94	-	9,882.94	-	-
Body Armor Replacement Fund	-	1,343.51	-	1,343.51	-	-
Recycling Tonnage Grant	-	6,361.32	-	6,361.32	-	-
966 Reimbursement Program - 2015	-	6,890.10	6,706.40	-	183.70	-
Municipal Public Access Plan Grant	-	15,000.00	-	-	-	15,000.00
	\$ -	\$ 39,477.87	\$ 6,706.40	\$ 17,587.77	\$ 183.70	\$ 15,000.00

BOROUGH OF SURF CITY
FEDERAL AND STATE GRANT FUND
STATEMENT OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED
BALANCE DECEMBER 31, 2015

<u>Program</u>	BALANCE DECEMBER 31, <u>2014</u>	CASH <u>RECEIPTS</u>	TRANSFERRED TO GRANTS <u>RECEIVABLE</u>	BALANCE DECEMBER 31, <u>2015</u>
Body Armor Replacement Fund	\$ 1,343.51	\$ 1,341.94	\$ 1,343.51	\$ 1,341.94
Clean Communities Program	9,882.94	12,013.52	9,882.94	12,013.52
Recycling Tonnage Grant	6,361.32	-	6,361.32	-
	<u>\$ 17,587.77</u>	<u>\$ 13,355.46</u>	<u>\$ 17,587.77</u>	<u>\$ 13,355.46</u>

TRUST FUND

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BOROUGH OF SURF CITY
TRUST FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

	<u>ANIMAL</u> <u>CONTROL</u>	<u>TRUST-</u> <u>OTHER</u>
Balance, December 31, 2014	\$ 485.84	\$ 311,647.59
Increased By Receipts:		
Dog License Fees Collected	186.00	-
State Registration Fees	101.40	-
Interest Earned	0.51	-
Due from Water/Sewer Operating Fund	-	16,627.00
Various Reserves	-	3,409,387.38
	<u>287.91</u>	<u>3,426,014.38</u>
	<u>773.75</u>	<u>3,737,661.97</u>
Decreased By Disbursements:		
State Registration Fees	101.40	-
Due to Current Fund	208.96	-
Various Reserves	-	3,387,345.04
	<u>310.36</u>	<u>3,387,345.04</u>
Balance, December 31, 2015	<u>\$ 463.39</u>	<u>\$ 350,316.93</u>

**BOROUGH OF SURF CITY
STATEMENT OF DUE FROM CURRENT FUND
TRUST - OTHER FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 80,782.97
Increased By:	
Reserve for Accumulated Absences	<u>7,000.00</u>
	87,782.97
Decreased By:	
Cash Disbursed by Current Fund	<u>23,104.90</u>
Balance, December 31, 2015	<u><u>\$ 64,678.07</u></u>

BOROUGH OF SURF CITY
STATEMENT OF DUE (TO)/FROM WATER SEWER OPERATING FUND
TRUST - OTHER FUND
YEAR ENDED DECEMBER 31, 2015

Balance, December 31, 2014	\$ -
Decreased By:	
Cash Received	<u>16,627.00</u>
Balance, December 31, 2015	<u><u>\$ (16,627.00)</u></u>

**BOROUGH OF SURF CITY
TRUST - OTHER FUND
STATEMENT OF DUE TO CURRENT FUND
DOG LICENSE FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 151.49
Increased By:		
Interest Earned	\$ 0.51	
Cash Disbursed by Current Fund	112.00	
Statutory Excess Due To Current Fund	<u>119.00</u>	
		<u>231.51</u>
		383.00
Decreased By:		
Cash Disbursement		<u>208.96</u>
Balance, December 31, 2015		<u><u>\$ 174.04</u></u>

**BOROUGH OF SURF CITY
ANIMAL CONTROL FUND
STATEMENT OF RESERVE FOR DOG FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 334.35
Increased By:		
Dog License Fees Collected		186.00
		520.35
Decreased By:		
Dog Fund Expenditures Paid by Current Fund	\$ 112.00	
Statutory Excess Due Current Fund	119.00	
		231.00
Balance, December 31, 2015		\$ 289.35

<u>Year</u>	<u>Amount</u>
2014	\$ 153.00
2013	136.35
	\$ 289.35

**BOROUGH OF SURF CITY
TRUST - OTHER FUND
SCHEDULE OF TRUST - OTHER RESERVES
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE DECEMBER <u>2015</u>
Tax Certificate	\$ 81,254.85	\$ 78,946.86	\$ 120,701.71	\$ 39,500.00
Cash Bonds & Escrowed Fees	50,445.59	216,925.49	171,060.97	96,310.11
P.O.A.A.	517.05	130.00	-	647.05
Veterans' Memorial Park	19,225.92	375.00	480.00	19,120.92
Public Defender Fund	285.00	240.00	525.00	-
Beach Wheels	4,116.50	1,030.00	129.00	5,017.50
Memorial Benches	3,909.00	1,500.00	650.76	4,758.24
Accumulated Absences	118,099.03	7,000.00	-	125,099.03
Payroll Deductions	97,435.59	3,055,584.02	3,065,168.35	87,851.26
Construction Inspection Fees	17,142.03	54,656.01	51,734.15	20,063.89
	<u>\$ 392,430.56</u>	<u>\$ 3,416,387.38</u>	<u>\$ 3,410,449.94</u>	<u>\$ 398,368.00</u>
Cash Receipts		\$ 3,409,387.38		
Due From Current Fund		<u>7,000.00</u>		
		<u>\$ 3,416,387.38</u>		
Cash Disbursements			\$ 3,387,345.04	
Due From Current Fund			<u>23,104.90</u>	
			<u>\$ 3,410,449.94</u>	

BOROUGH OF SURF CITY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF INVESTMENTS
YEAR ENDED DECEMBER 31, 2015
(Unaudited)

Balance As Restated, December 31, 2014		\$ 611,731.38
Increased By:		
Borough Contributions	\$ 54,050.00	
Appreciation on Investments	<u>10,697.42</u>	
		<u>64,747.42</u>
		676,478.80
Decreased By:		
Withdrawals	45,743.39	
Accounting Charges	<u>1,375.00</u>	
		<u>47,118.39</u>
Balance, December 31, 2015		<u><u>\$ 629,360.41</u></u>

BOROUGH OF SURF CITY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")
SCHEDULE OF MISCELLANEOUS RESERVES
YEAR ENDED DECEMBER 31, 2015
(Unaudited)

Balance As Restated, December 31, 2014		\$ 611,731.38
Increased By:		
Borough Contributions	\$ 54,050.00	
Appreciation on Investments	10,697.42	
		64,747.42
		676,478.80
Decreased By:		
Withdrawals	45,743.39	
Accounting Charges	1,375.00	
		47,118.39
Balance, December 31, 2015		\$ 629,360.41

GENERAL CAPITAL FUND

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**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF CASH
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 1,600,572.97
Increased By:		
Due Current Fund	\$ 47,950.74	
Deferred Charges to Future Taxation - Unfunded	353,083.64	
Capital Improvement Fund	60,000.00	
Various Reserves	1,500.00	
	<u>462,534.38</u>	<u>462,534.38</u>
		2,063,107.35
Decreased By:		
Due Current Fund	1,172.09	
Improvement Authorizations	170,787.16	
	<u>171,959.25</u>	<u>171,959.25</u>
Balance, December 31, 2015		<u>\$ 1,891,148.10</u>

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2015</u>
Capital Improvement Fund	\$ 791,682.50
Reserve for Debt Service	36,683.33
Reserve for Purchase of Lifeguard Boat	7,500.00
Reserve for Encumbrances	717,513.00
Due (From)/To Current Fund	115.17
Capital Fund Balance	82,452.67

Ordinance

<u>Date</u>	<u>Improvement Authorizations</u>	
03/31/06	Beach Replenishment	(6,430.96)
11/30/06	Beach Replenishment	17,360.00
09/30/12	Replacement & Repair of Various Bulkheads	19,896.89
10/31/12	Removal of Underground Diesel Storage Tank	(6,840.00)
09/10/14	Acquisition of Fire Apparatus & Related Equipment	(552,513.00)
03/11/15	Replacement/Repair of Various Bulkheads	5,000.00
03/11/15	Rehabilitation of DPW Facilities	444,287.50
03/11/15	Resurfacing of Various Roads	263,191.00
10/14/15	Reconstruction/Resurfacing of Various Streets	21,250.00
12/09/15	Removal of Underground Storage Tank/Monitoring	50,000.00
		\$ 1,891,148.10

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
DUE FROM/(TO) CURRENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 46,663.48
Increased by:		
Cash Disbursed to Current Fund		<u>1,172.09</u>
Decreased By:		
Cash Received from Current Fund	\$ 46,663.48	
Interest Due Current	<u>1,287.26</u>	
		<u>47,950.74</u>
Balance, December 31, 2015		<u><u>\$ (115.17)</u></u>

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2015**

Improvement Authorizations	Ordinance Date	BALANCE DECEMBER 31, 2014	2015 AUTHORIZED	FUNDED BY BUDGET APPROPRIATION	FUNDED BY RESERVE	BALANCE DECEMBER 31, 2015	Analysis of Balance		
							EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATIONS	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
06-03 Beach Replenishment	03/31/06	\$ 154,293.60	\$ -	-	-	\$ 154,293.60	\$ 6,430.96	\$ 147,862.64	
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	
12-06 Removal of Underground Storage Tank	10/31/12	29,259.91	-	19,562.00	-	9,697.91	6,840.00	2,857.91	
13-05 Acquisition of Trash Truck	10/09/13	190,000.00	-	160,769.00	-	29,231.00	-	29,231.00	
13-06 Acquisition of a Beach Rake	10/09/13	61,750.00	-	47,752.64	-	13,997.36	-	13,997.36	
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	760,000.00	-	125,000.00	-	635,000.00	552,513.00	82,487.00	
15-03 Replacement/Repair of Various Bulkheads	03/11/15	-	95,000.00	-	-	95,000.00	-	95,000.00	
15-04 Rehabilitation of DPW Facilities	03/11/15	-	450,000.00	-	450,000.00	-	-	-	
15-05 Resurfacing of Various Roads	03/11/15	-	300,000.00	-	300,000.00	-	-	-	
15-08 Reconstruction/Resurfacing of Various Streets	10/14/15	-	403,750.00	-	-	403,750.00	-	403,750.00	
		\$ 1,559,803.51	\$ 1,248,750.00	\$ 353,083.64	\$ 750,000.00	\$ 1,705,469.87	\$ 565,783.96	\$ 1,139,685.91	

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015**

Improvement Authorizations	Ordinance Date	Ordinance Amount	Balance December 31, 2014		2015 Authorizations	Expended	Balance December 31, 2015	
			Funded	Unfunded			Funded	Unfunded
06-03 Beach Replenishment	03/31/06	500,000.00	\$ -	\$ 151,345.44	\$ -	\$ 3,482.80	\$ -	\$ 147,862.64
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	63,451.98	-	-	63,451.98	-	-
12-04 Replacement/Repair of Various Bulkheads	09/30/12	35,000.00	26,725.88	-	-	6,828.99	19,896.89	-
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	-	9,697.91	-	6,840.00	-	2,857.91
13-05 Acquisition of Trash Truck	10/09/13	200,000.00	-	29,231.00	-	-	-	29,231.00
13-06 Acquisition of a Beach Rake	10/09/13	65,000.00	-	13,997.36	-	-	-	13,997.36
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	800,000.00	40,000.00	760,000.00	-	717,513.00	-	82,487.00
15-03 Replacement/Repair of Various Bulkheads	03/11/15	100,000.00	-	-	100,000.00	-	5,000.00	95,000.00
15-04 Rehabilitation of DPW Facilities	03/11/15	450,000.00	-	-	450,000.00	5,712.50	444,287.50	-
15-05 Resurfacing of Various Roads	03/11/15	300,000.00	-	-	300,000.00	36,809.00	263,191.00	-
15-08 Reconstruction/Resurfacing of Various Streets	10/14/15	425,000.00	-	-	425,000.00	-	21,250.00	403,750.00
15-09 Removal of Underground Storage Tank/Monitoring	12/09/15	50,000.00	-	-	50,000.00	-	50,000.00	-
			\$ 195,199.75	\$ 1,328,771.71	\$ 1,325,000.00	\$ 888,300.16	\$ 820,985.39	\$ 1,139,685.91

Reserve for Encumbrances	\$ 717,513.00
Cash Disbursements	<u>170,787.16</u>
	<u>\$ 888,300.16</u>

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 807,932.50
Increased By:	
2015 Budget Appropriation	<u>60,000.00</u>
	867,932.50
Decreased By:	
Utilized To Finance Improvement Authorizations	<u>76,250.00</u>
Balance, December 31, 2015	<u>\$ 791,682.50</u>

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	TRANSFER FROM CURRENT <u>FUND BUDGET</u>	<u>DECREASED</u>	BALANCE DECEMBER 31, <u>2015</u>
Reserve for Debt Service	\$ 36,683.33	\$ -	\$ -	\$ 36,683.33
Reserve for Purchase of Lifeguard Boat	6,000.00	1,500.00	-	7,500.00
Reserve for Rehabilitation of DPW Facilities	450,000.00	-	450,000.00	-
Reserve for Resurfacing of Roads	300,000.00	-	300,000.00	-
	<u>\$ 792,683.33</u>	<u>\$ 1,500.00</u>	<u>\$ 750,000.00</u>	<u>\$ 44,183.33</u>

**BOROUGH OF SURF CITY
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015**

Ordinance Date	Improvement Authorizations	BALANCE	2015		BALANCE
		DECEMBER 31, 2014	AUTHORIZATIONS	DECREASED	DECEMBER 31, 2015
03/31/06	Beach Replenishment	\$ 154,293.60	\$ -	\$ -	\$ 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
10/31/12	Removal of Underground Diesel Storage Tank	29,259.91	-	19,562.00	9,697.91
10/09/13	Acquisition of Trash Truck	190,000.00	-	160,769.00	29,231.00
10/09/13	Acquisition of a Beach Rake	61,750.00	-	47,752.64	13,997.36
09/10/14	Acquisition of Fire Apparatus & Related Equipment	760,000.00	-	125,000.00	635,000.00
03/11/15	Replacement/Repair of Various Bulkheads	-	95,000.00	-	95,000.00
10/14/15	Reconstruction/Resurfacing of Various Streets	-	403,750.00	-	403,750.00
		<u>\$ 1,559,803.51</u>	<u>\$ 498,750.00</u>	<u>\$ 353,083.64</u>	<u>\$ 1,705,469.87</u>
	Funded By Budget Appropriation			<u>\$ 353,083.64</u>	
				<u><u>\$ 353,083.64</u></u>	

WATER-SEWER UTILITY FUND

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BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2015

	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2014	\$ 1,305,890.04	\$ 361,546.08
Increased By Receipts:		
Miscellaneous Revenue	\$ 83,669.61	\$ -
Fire Hydrant Service	118,400.00	-
Water/Sewer Rents Receivable	1,652,617.87	-
Prepaid Rents	10,407.88	-
Budget Appropriation Refunds	69,412.44	-
Due From Current Fund	27,982.82	-
Capital Improvement Fund	-	25,000.00
Reserve for Amortization	-	50,000.00
Due To Utility Operating Fund	285.75	290.97
	<u>1,962,776.37</u>	<u>75,290.97</u>
	3,268,666.41	436,837.05
Decreased By Disbursements:		
2015 Budget Appropriations	1,780,744.49	-
2014 Appropriation Reserves	45,977.05	-
Accounts Payable	52.98	-
Due to Trust - Other Fund	16,627.00	-
Due From Utility Capital Fund	290.97	285.75
Improvement Authorization	-	1,282.50
	<u>1,843,692.49</u>	<u>1,568.25</u>
Balance, December 31, 2015	<u><u>\$ 1,424,973.92</u></u>	<u><u>\$ 435,268.80</u></u>

**BOROUGH OF SURF CITY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF ANALYSIS OF WATER/SEWER UTILITY CAPITAL FUND CASH
 YEAR ENDED DECEMBER 31, 2015**

		BALANCE DECEMBER 31, <u>2015</u>
Capital Improvement Fund		\$ 424,565.51
Due To Utility Operating Fund		26.19
Fund Balance		7,476.47
<u>Ordinance</u>		
<u>Number</u>	<u>Improvement Authorizations</u>	
09-07	Improvements to Water/Sewer System	<u>3,200.63</u>
		<u><u>\$ 435,268.80</u></u>

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER/SEWER RENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 36,216.90
Increased By:		
2015 Levy		<u>1,653,236.50</u>
		1,689,453.40
Decreased By:		
Cash Collections	\$ 1,652,617.87	
Prepaid Rents Applied	<u>4,246.38</u>	
		<u>1,656,864.25</u>
Balance, December 31, 2015		<u><u>\$ 32,589.15</u></u>

**BOROUGH OF SURF CITY
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2015**

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Adjustments</u>	Balance, December 31, <u>2015</u>
Water Fund:				
Land	\$ 5,623.38	\$ -	\$ -	\$ 5,623.38
Springs and Wells	1,152,717.56	-	(10,900.00)	1,141,817.56
Pumping Station & Equipment	147,822.51	11,192.50	10,900.00	169,915.01
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	2,296,164.07	-	-	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	8,973.23	-	-	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>\$ 7,340,515.30</u>	<u>\$ 11,192.50</u>	<u>-</u>	<u>\$ 7,351,707.80</u>

Transfer from Fixed Capital Authorized & Uncompleted	\$ 1,282.50
Transfer from Capital Outlay	<u>9,910.00</u>
	<u>\$ 11,192.50</u>

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Purpose	ORDINANCE		BALANCE DECEMBER 31, 2014	TRANSFERRED TO FIXED CAPITAL	BALANCE DECEMBER 31, 2015
		DATE	AMOUNT			
09-07	Improvements to Water/Sewer System	08/31/09	700,000.00	\$ 664,483.13	\$ 1,282.50	\$ 663,200.63
				\$ 664,483.13	\$ 1,282.50	\$ 663,200.63

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015**

<u>Appropriation</u>	BALANCE DECEMBER 31, <u>2014</u>	BALANCE AFTER <u>TRANSFERS</u>	<u>EXPENDED</u>	BALANCE <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 69,889.76	\$ 69,889.76	\$ -	\$ 69,889.76
Other Expenses	273,794.72	317,872.92	45,526.68	272,346.24
Capital Improvements:				
Capital Outlay	63,630.02	63,630.02	-	63,630.02
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	12,138.26	12,138.26	1,414.27	10,723.99
Defined Contribution Retirement Plan	718.00	718.00	-	718.00
Unemployment Compensation Insurance	3,270.93	3,270.93	-	3,270.93
	<u>\$ 423,441.69</u>	<u>\$ 467,519.89</u>	<u>\$ 46,940.95</u>	<u>\$ 420,578.94</u>

Appropriations Reserves
Encumbrances Payable

\$ 423,441.69
44,078.20
\$ 467,519.89

Cash Disbursements
Due To Current Fund

\$ 45,977.05
963.90
\$ 46,940.95

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 44,078.20
Increased By:	
Current Appropriations	<u>22,409.51</u>
	66,487.71
Decreased By:	
Transferred To Appropriation Reserves	<u>44,078.20</u>
Balance, December 31, 2015	<u><u>\$ 22,409.51</u></u>

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF PREPAID RENTS
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 4,246.38
Increased By:	
Cash Receipts	<u>10,407.88</u>
	14,654.26
Decreased By:	
Applied To Rents Receivable	<u>4,246.38</u>
Balance, December 31, 2015	<u><u>\$ 10,407.88</u></u>

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 14,393.66
Decreased By:		
Cash Disbursement	\$ 52.98	
Cancelled To Operations	<u>5,659.16</u>	
		<u>5,712.14</u>
Balance, December 31, 2015		<u><u>\$ 8,681.52</u></u>

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2015**

Improvement Description	ORIGINAL ISSUE DATE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE*	BALANCE			
					DECEMBER 31, 2014	DECEMBER 31, 2015		
					INCREASED	DECREASED		
2006-16 * Improvements to Water & Sewer System	05/15/12	05/15/14	05/15/15	0.00%	\$ 20,000.00	\$ -	\$ 20,000.00	\$ -
2009-05 * Improvements to Water & Sewer System	05/15/12	05/15/15	05/15/16	0.00%	330,000.00	250,000.00	330,000.00	250,000.00
					<u>\$ 350,000.00</u>	<u>\$ 250,000.00</u>	<u>\$ 350,000.00</u>	<u>\$ 250,000.00</u>

* - Purchased by Municipality

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Purpose	ORDINANCE DATE	AMOUNT	Balance December 31, 2014		Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded		Funded	Unfunded
09-07	Improvements to Water/Sewer System	08/31/09	\$ 700,000.00	\$ -	\$ 664,483.13	\$ 1,282.50	\$ -	\$ 663,200.63

**BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 399,565.51
Increased By:	
2015 Budget Appropriations	<u>25,000.00</u>
Balance, December 31, 2015	<u><u>\$ 424,565.51</u></u>

**BOROUGH OF SURF CITY
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF RESERVE FOR AMORTIZATION
 YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 6,944,998.43
Increased By:		
B.A.N.s Paid	\$ 100,000.00	
Capital Outlay in Operating Fund Budget	9,910.00	
Funding of Costs of Improvements Authorized By Budget	50,000.00	
		159,910.00
Balance, December 31, 2015		\$ 7,104,908.43

BOROUGH OF SURF CITY
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

<u>Ordinance Number</u>	<u>Purpose</u>	BALANCE DECEMBER 31, <u>2014</u>	<u>DECREASED</u>	BALANCE DECEMBER 31, <u>2015</u>
2009-05	Improvements to Water & Sewer System	\$ 45,000.00	\$ 45,000.00	\$ -
2009-07	Improvements to Water & Sewer System	665,000.00	5,000.00	660,000.00
		<u>\$ 710,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 660,000.00</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF SURF CITY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS
YEAR ENDED DECEMBER 31, 2015**

	BALANCE DECEMBER 31, <u>2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE DECEMBER 31, <u>2015</u>
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	721,025.62	5,712.50	-	726,738.12
Equipment	554,904.35	23,984.24	-	578,888.59
Motor Vehicles	2,123,471.19	56,758.50	27,530.00	2,152,699.69
	<u>\$ 4,147,907.52</u>	<u>\$ 86,455.24</u>	<u>\$ 27,530.00</u>	<u>\$ 4,206,832.76</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, 2015.

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 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, 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 \$5,400 for the period of January 1, 2015 to June 30, 2015, and expenditures greater than \$6,000 for the period of July 1, 2015 to December 31, 2015, 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 \$5,400 (\$6,000) 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 7, 2015 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 2015 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 included real estate taxes for 2015.

The last tax sale was held on October 21, 2015 and was complete.

Inspection of 2015 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
2015	1
2014	1
2013	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
COMMENTS
YEAR ENDED DECEMBER 31, 2015**

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.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia
Registered Municipal Accountant
CR #435

Medford, New Jersey
April 29, 2016