

BOROUGH OF LAKEHURST
AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2015

**BOROUGH OF LAKEHURST
COUNTY OF OCEAN, NEW JERSEY**

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COUNTY OF OCEAN, NEW JERSEY**

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COUNTY OF OCEAN, NEW JERSEY**

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**BOROUGH OF LAKEHURST
COUNTY OF OCEAN**

PART I

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**



HOLMAN | FRENIA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Lakehurst
County of Ocean
Lakehurst, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Lakehurst, 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 Lakehurst 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 Lakehurst, 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.

Opinion on Regulatory Basis of Accounting

In our opinion, 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 Lakehurst, 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 of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 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 Lakehurst 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.

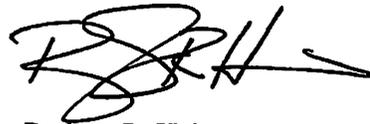
Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain 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 June 29, 2016, on our consideration of the Borough of Lakehurst'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 Lakehurst's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.



Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Toms River, New Jersey
June 29, 2016



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 Township Council
Borough of Lakehurst
County of Ocean
Toms River, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Lakehurst (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 June 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.

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. We did identify a certain deficiency in internal control, described in the accompanying Comments and Recommendations that we consider to be significant deficiency as Finding No. 2015-01.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying General Comments & Recommendations Section as Findings No. 2015-01 and 2015-02.

Response to Findings

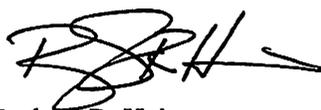
The Borough of Lakehurst's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. The Borough of Lakehurst's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Rodney R. Haines
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Toms River, New Jersey
June 29, 2016

BASIC FINANCIAL STATEMENTS

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS -CURRENT FUND

Sheet 1 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	A-4	\$ 1,934,609.64	\$ 1,718,898.77
Cash - Change Fund		720.00	420.00
		<u>1,935,329.64</u>	<u>1,719,318.77</u>
Due From State of N.J. (P.L. 1971, C. 20)	A-7	<u>670.78</u>	<u>115.00</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	125,706.99	105,636.98
Tax Title Liens Receivable	A-6	43,685.32	40,237.72
Property Acquired for Taxes		50,000.00	50,000.00
Revenue Accounts Receivable	A-8	13,952.44	10,647.44
Interfunds:			
Animal Control Trust Fund	A-12	1,436.06	911.31
Payroll Fund	A-12	11,183.09	11,183.09
Water-Sewer Utility Operating Fund	A-12	45,641.28	24,643.38
		<u>291,605.18</u>	<u>243,259.92</u>
		<u>2,227,605.60</u>	<u>1,962,693.69</u>
Grant Fund:			
Grants Receivable	A-14	236,234.67	15,758.28
Interfunds:			
Current Fund	A-13	142,680.35	49,994.83
		<u>378,915.02</u>	<u>65,753.11</u>
		<u>\$ 2,606,520.62</u>	<u>\$ 2,028,446.80</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit A

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES

AND FUND BALANCE - REGULATORY BASIS -CURRENT FUND

Sheet 2 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3	\$ 424,507.35	\$ 275,256.93
Reserve for Encumbrances	A-3,9	72,646.08	23,105.63
Due State - Marriage License Fees		125.00	50.00
Prepaid Taxes	A-4,5	29,602.56	31,103.08
Tax Overpayments	A-1,4,5	5,645.13	9,728.43
Reserve for:			
Master Plan Update		594.66	594.66
Revision and Codification of Ordinances		9,085.00	9,085.00
Land Sale Deposits		8,500.00	8,500.00
Revaluation	A-4	32,933.67	32,933.67
2012 Storm Damage		24.52	24.52
Accounts Payable	A-4, A-9	2,166.97	903.34
County Taxes Payable	A-10	3,359.47	1,104.70
Local District School Tax Payable	A-11	229,697.00	229,104.00
Interfunds:			
Other Trust Fund	A-12	35,779.04	37,608.27
General Capital Fund	A-12	20,731.73	23,477.49
Grant Fund	A-13	142,680.35	49,994.83
		<u>1,018,078.53</u>	<u>732,574.55</u>
Reserve for Receivables and Other Assets		291,605.18	243,259.92
Fund Balance	A-1	917,921.89	986,859.22
		<u>2,227,605.60</u>	<u>1,962,693.69</u>
Grant Fund:			
Interfund - Water-Sewer Utility Operating Fund	D	76,562.30	
Reserve for Encumbrances	A-15	20,561.81	10,888.75
Appropriated Reserves	A-15	279,358.23	44,043.11
Unappropriated Reserves	A-16	2,432.68	10,821.25
		<u>378,915.02</u>	<u>65,753.11</u>
		<u>\$ 2,606,520.62</u>	<u>\$ 2,028,446.80</u>

There was deferred school taxes on December 31, 2015 and 2014 of \$500,749.00 (Schedule A-11).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN

FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 725,000.00	\$ 725,000.00
Miscellaneous Revenue Anticipated	A-2	1,198,671.33	1,067,686.72
Receipts from Delinquent Taxes	A-5	106,157.29	107,059.55
Receipts from Current Taxes	A-2	4,118,085.92	3,980,517.89
Non-Budget Revenues	A-2	272,543.26	223,646.82
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	221,941.69	177,693.31
Interfunds Returned			
Grant Fund Balances Cancelled	A-13	1,066.08	87,575.11
Statutory Excess-Animal Control Trust Fund	A-12	520.40	911.31
Total Income		<u>6,643,985.97</u>	<u>6,370,090.71</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		1,545,940.00	1,476,900.00
Other Expenses		1,446,000.00	1,390,475.00
Deferred Charges and Statutory Expenditures		331,007.00	293,100.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		92,000.00	72,000.00
Other Expenses		287,341.48	74,009.88
Capital Improvements		48,500.00	1,000.00
Municipal Debt Service		325,790.85	325,097.87
Deferred Charges		90.00	83,916.52
Transferred to Board of Education		8,480.00	8,409.00
	A-3	<u>4,085,149.33</u>	<u>3,724,908.27</u>
Prior Year Senior Citizen Deduction Disallowed	A-7	1,000.00	1,500.00
County Taxes	A-10	686,297.28	640,359.44
Local District School Tax	A-11	1,191,729.00	1,184,257.00
Prior Year Tax Appeals		230.15	7,310.37
Interfund Advances		21,522.65	21,812.60
Grant Fund Balances Cancelled	A-13	483.21	101,294.59
Refunds	A-4	1,511.68	2,172.00
Total Expenditures		<u>5,987,923.30</u>	<u>5,683,614.27</u>
Statutory Excess to Fund Balance		656,062.67	686,476.44
Fund Balance January 1	A	<u>986,859.22</u>	<u>1,025,382.78</u>
		<u>1,642,921.89</u>	<u>1,711,859.22</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>725,000.00</u>	<u>725,000.00</u>
Fund Balance December 31	A	<u>\$ 917,921.89</u>	<u>\$ 986,859.22</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

Exhibit A-2

Sheet 1 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 725,000.00	\$	\$ 725,000.00	\$
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages	A-8	10,000.00		15,300.00	5,300.00
Other	A-8	6,000.00		10,064.00	4,064.00
Fees and Permits					
Other	A-8	70,000.00		93,045.94	23,045.94
Fines and Costs					
Municipal Court	A-8	160,000.00		165,914.33	5,914.33
Interest and Costs on Taxes	A-8	17,000.00		22,527.27	5,527.27
Interest on Investments and Deposits	A-8	500.00		1,919.04	1,419.04
State Aid:					
Consolidated Municipal Property Tax Relief Act	A-8	46,493.00		41,673.00	(4,820.00)
Energy Receipts Tax	A-8	248,946.00		253,766.00	4,820.00
Uniform Construction Code Fees	A-8	1,000.00		4,391.20	3,391.20
Lakehurst Elementary School - Police Service Contract	A-8	40,000.00		40,000.00	
Northeast Housing LLC - Borough of Lakehurst	A-8	160,000.00		160,000.00	
Northeast Housing LLC - Borough of Lakehurst	A-8	85,000.00		149,870.88	64,870.88
Uniform Fire Safety Act	A-8	6,000.00		3,450.85	(2,549.15)
General Capital Fund - Fund Balance	A-8	3,407.34		3,407.34	
Grants Offset with Appropriations:					
Homeland Security Grant	A-13	24,100.00		24,100.00	
Drunk Driving Enforcement Fund	A-13	4,400.00		4,400.00	
Recycling Tonnage Grant	A-13	6,420.38		6,420.38	
Cops in Shops	A-13		1,600.00	1,600.00	
Drive Sober	A-13		7,500.00	7,500.00	
Alcohol Education Rehabilitation	A-13		58.93	58.93	
Click it or Ticket	A-13		4,000.00	4,000.00	
Clean Communities	A-13		4,920.23	4,920.23	
Driver Sober	A-13		5,000.00	5,000.00	
DOT-Lake St	A-13		169,000.00	169,000.00	
Body Armor	A-13		1,341.94	1,341.94	
Drive Sober	A-13		5,000.00	5,000.00	
Total Miscellaneous Revenues	A-1	<u>889,266.72</u>	<u>198,421.10</u>	<u>1,198,671.33</u>	<u>110,983.51</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	A-1, 2	\$ 90,000.00		\$ 106,157.29	\$ 16,157.29
Subtotal General Revenues		1,704,266.72	198,421.10	2,029,828.62	127,140.80
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	2,350,153.12		2,406,742.10	56,588.98
Total General Revenues		4,054,419.84	198,421.10	4,436,570.72	183,729.78
Non-Budget Revenues	A-1, 2			272,543.26	272,543.26
	A-3	\$ 4,054,419.84	\$ 198,421.10	\$ 4,709,113.98	\$ 456,273.04

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collections</u>		
Revenue from Collections	A-1,5	\$ 4,118,085.92
Allocated to School and County Taxes	A-10, 11	1,878,026.28
Balance or Support of Municipal Budget Appropriations		<u>2,240,059.64</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>166,682.46</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 2,406,742.10</u>
 <u>Analysis of Non-Budget Revenues</u>		
Clerk		\$ 5,194.44
Police		2,537.55
Water Tower Lease		133,883.13
Insurance Reimbursements		9,222.00
Refunds		121,202.42
Other Miscellaneous		<u>503.72</u>
	A-1,4	<u>\$ 272,543.26</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$ 100.00	\$	\$ 100.00	\$
Other Expenses	4,900.00	4,900.00	3,404.00	1,496.00	
Mayor and Council					
Salaries and Wages	35,000.00	35,000.00	33,825.18	1,174.82	
Other Expenses	2,500.00	2,500.00	837.85	1,662.15	
Municipal Clerk					
Salaries and Wages	126,900.00	126,900.00	123,770.93	3,129.07	
Other Expenses	25,500.00	25,500.00	25,234.82	265.18	
Financial Administration					
Salaries and Wages	109,300.00	109,300.00	104,557.02	4,742.98	
Other Expenses	22,500.00	22,500.00	17,196.96	5,303.04	
Audit Services					
Other Expenses	40,000.00	45,000.00	17,200.00	27,800.00	
Collection of Taxes					
Salaries and Wages	92,400.00	92,400.00	89,928.17	2,471.83	
Other Expenses	9,500.00	9,500.00	7,634.33	1,865.67	
Assessment of Taxes					
Salaries and Wages	13,400.00	13,400.00	13,357.50	42.50	
Other Expenses	6,000.00	6,000.00	1,185.05	4,814.95	
Revaluation					
Legal Services and Costs					
Salaries and Wages	32,000.00	32,000.00	31,068.96	931.04	
Other Expenses	35,000.00	40,000.00	22,143.86	17,856.14	
Engineering Services and Costs					
Other Expenses	8,000.00	8,000.00	680.00	7,320.00	
Historical Preservation					
Other Expenses	450.00	450.00		450.00	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Land Use Administration</u>					
Municipal Land Use Law (N.J.S. 40:55D-1)					
Land Use Board					
Salaries and Wages	\$ 4,600.00	\$ 4,600.00	\$ 4,493.00	\$ 107.00	\$
Other Expenses	450.00	450.00	426.40	23.60	
<u>Code Enforcement and Administration</u>					
Code Enforcement					
Salaries and Wages	7,950.00	7,950.00	7,947.04	2.96	
Other Expenses	500.00	500.00	135.21	364.79	
County Rebate					
Salaries and Wages	2,950.00	2,950.00	2,898.00	52.00	
<u>Insurance</u>					
General Liability	60,500.00	60,500.00	60,500.00		
Workers Compensation	71,000.00	71,000.00	60,165.99	10,834.01	
Employee Group Health	543,000.00	553,000.00	552,909.52	90.48	
Health Benefits Waiver	10,000.00	3,000.00	314.70	2,685.30	
<u>Public Safety Functions</u>					
Police					
Salaries and Wages	746,000.00	736,000.00	647,764.82	88,235.18	
Other Expenses	52,000.00	52,000.00	51,873.46	126.54	
Emergency Management					
Salaries and Wages	6,100.00	6,100.00	6,087.36	12.64	
Other Expenses	1,500.00	1,500.00	180.16	1,319.84	
Emergency Medical Services					
Other Expenses	20,000.00	20,000.00	20,000.00		
Uniform Safety Act					
Salaries and Wages	8,240.00	8,240.00	7,153.35	1,086.65	
Other Expenses	500.00	500.00	191.45	308.55	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Court					
Salaries and Wages	\$ 102,000.00	\$ 102,000.00	\$ 84,114.71	\$ 17,885.29	\$
Other Expenses	12,000.00	12,000.00	6,665.12	5,334.88	
Fire					
Other Expenses	33,500.00	33,500.00	31,300.00	2,200.00	
Municipal Prosecutor					
Salaries and Wages	13,000.00	15,000.00	14,999.92	.08	
Other Expenses	100.00	100.00		100.00	
Public Defender (P.L. 1997, C. 256)					
Other Expenses	100.00	100.00		100.00	
<u>Public Works Functions</u>					
Road Repairs and Maintenance					
Salaries and Wages	45,000.00	45,000.00	36,537.80	8,462.20	
Other Expenses	18,400.00	23,400.00	16,498.26	6,901.74	
Garbage and Trash Removal					
Salaries and Wages	119,000.00	111,000.00	90,771.53	20,228.47	
Other Expenses	8,000.00	8,000.00	5,101.36	2,898.64	
Recycling					
Salaries and Wages	4,000.00	4,000.00	2,765.23	1,234.77	
Other Expenses	5,500.00	5,500.00	680.00	4,820.00	
Public Buildings, Grounds and Lakes					
Salaries and Wages	74,000.00	74,000.00	72,178.53	1,821.47	
Other Expenses	38,000.00	43,000.00	39,222.00	3,778.00	
Snow Removal					
Other Expenses	100.00	100.00		100.00	
Vehicle Maintenance					
Other Expenses	78,000.00	78,000.00	69,823.19	8,176.81	
<u>Health and Human Services</u>					
Animal Control					
Other Expenses	8,000.00	8,000.00	3,390.10	4,609.90	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Park and Recreation Functions</u>					
Youth and Recreation					
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 5,196.49	\$ 4,803.51	\$
Other Expenses	2,500.00	2,500.00	1,367.89	1,132.11	
<u>Other Common Operating Functions</u>					
Celebration of Public Events					
Other Expenses	8,000.00	8,000.00	4,615.63	3,384.37	
<u>Utility Expenses and Bulk Purchases</u>					
Gasoline	60,000.00	60,000.00	29,330.86	30,669.14	
Electricity	40,000.00	40,000.00	36,300.04	3,699.96	
Telephone	40,000.00	40,000.00	37,876.28	2,123.72	
Natural Gas	31,000.00	34,000.00	24,310.33	9,689.67	
Street Lighting	28,000.00	28,000.00	21,307.45	6,692.55	
Fuel Oil					
Telecommunications	5,000.00	5,000.00	4,940.49	59.51	
Landfill Disposal Cost - Other Expenses	100,000.00	90,000.00	60,000.00	30,000.00	
Deferred Sick Time	10,000.00	10,000.00		10,000.00	
Total Operations within Caps	<u>2,991,940.00</u>	<u>2,991,940.00</u>	<u>2,614,358.30</u>	<u>377,581.70</u>	
Detail:					
Salaries and Wages	1,561,940.00	1,545,940.00	1,379,415.54	166,524.46	
Other Expenses	<u>1,430,000.00</u>	<u>1,446,000.00</u>	<u>1,234,942.76</u>	<u>211,057.24</u>	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees' Retirement System of New Jersey	82,814.00	82,814.00	82,814.00		
Police and Firemen's Retirement System of New Jersey	104,693.00	104,693.00	104,693.00		
Contribution to:					
Social Security System (O.A.S.I.)	125,000.00	125,000.00	112,576.99	12,423.01	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Unemployment Compensation Insurance	\$ 18,000.00	\$ 18,000.00	\$ 1,017.81	\$ 16,982.19	\$
Defined Contribution Retirement Program	500.00	500.00		500.00	
Total Statutory Expenditures within Caps	<u>331,007.00</u>	<u>331,007.00</u>	<u>301,101.80</u>	<u>29,905.20</u>	
Total Appropriations within Caps	<u>3,322,947.00</u>	<u>3,322,947.00</u>	<u>2,915,460.10</u>	<u>407,486.90</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Employee Group Health (P.L. 2007, Chap. 62)					
Recycling Fees	5,000.00	5,000.00	4,825.35	174.65	
Shared Service Agreements:					
Lakehurst Elementary School - Police Service Contract	40,000.00	40,000.00	40,000.00		
Northeast Housing LLC - Borough of Lakehurst Police					
Salaries and Wages	65,000.00	65,000.00	65,000.00		
Other Expenses	1,000.00	1,000.00		1,000.00	
Administration					
Salaries and Wages	27,000.00	27,000.00	17,076.92	9,923.08	
Other Expenses	8,000.00	8,000.00	2,240.00	5,760.00	
<u>Public and Private Programs Offset by Revenues</u>					
Drive Sober or Get Pulled Over		17,500.00	17,500.00		
Body Armor Grant		1,341.94	1,341.94		
NJDOT Lake St		169,000.00	169,000.00		
Clean Communities Program		4,920.23	4,920.23		
Drunk Driving Enforcement	4,400.00	4,400.00	4,400.00		
Homeland Security Grant	24,100.00	24,100.00	24,100.00		
Click It or Ticket Grant		4,000.00	4,000.00		
Cops in Shops		1,600.00	1,600.00		

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Recycling Tonnage Grant	\$ 6,420.38	\$ 6,420.38	\$ 6,420.38	\$	\$
Municipal Alcohol Education/Rehabilitation Program		58.93	58.93		
Total Operations excluded from Caps	<u>180,920.38</u>	<u>379,341.48</u>	<u>362,483.75</u>	<u>16,857.73</u>	
Detail:					
Salaries and Wages	92,000.00	92,000.00	82,076.92	9,923.08	
Other Expenses	<u>88,920.38</u>	<u>287,341.48</u>	<u>280,406.83</u>	<u>6,934.65</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	1,000.00	1,000.00	1,000.00		
Acquisition of Four Wheel Drive Police Vehicle	40,000.00	40,000.00	39,927.28	72.72	
Acquisition of Computer Equipment	<u>7,500.00</u>	<u>7,500.00</u>	<u>7,410.00</u>	<u>90.00</u>	
Total Capital Improvements excluded from Caps	<u>48,500.00</u>	<u>48,500.00</u>	<u>48,337.28</u>	<u>162.72</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	200,800.00	200,800.00	200,800.00		
Interest on Bonds	126,000.00	126,000.00	124,990.85		1,009.15
Total Municipal Debt Service excluded from Caps	<u>326,800.00</u>	<u>326,800.00</u>	<u>325,790.85</u>		<u>1,009.15</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 7

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Deferred Charge - Ordinance 05-22	\$ 50.00	\$ 50.00	\$ 50.00	\$	\$
Deferred Charge - Ordinance 06-08	40.00	40.00	40.00		
Transferred to Board of Education for Use of Local Schools	8,480.00	8,480.00	8,480.00		
Total General Appropriations excluded from Caps	<u>564,790.38</u>	<u>763,211.48</u>	<u>745,181.88</u>	<u>17,020.45</u>	<u>1,009.15</u>
Subtotal General Appropriations	3,887,737.38	4,086,158.48	3,660,641.98	424,507.35	1,009.15
Reserve for Uncollected Taxes	<u>166,682.46</u>	<u>166,682.46</u>	<u>166,682.46</u>		
Total General Appropriations	<u>\$ 4,054,419.84</u>	<u>\$ 4,252,840.94</u>	<u>\$ 3,827,324.44</u>	<u>\$ 424,507.35</u>	<u>\$ 1,009.15</u>
	<u>Ref.</u>	A-2	A-1	A	A-1
Budget	A-2		\$ 4,054,419.84		
Added NJSA 40A: 4-87			<u>198,421.10</u>		
			<u>\$ 4,252,840.94</u>		
Reserve for Uncollected Taxes	A-2		\$ 166,682.46		
Disbursements	A-4		3,353,564.42		
Reserve for Encumbrances	A		72,646.08		
Deferred Charges:					
Ordinance 05-22	A-12		50.00		
Ordinance 06-08	A-12		40.00		
Interfunds:					
Capital Fund	A-12		1,000.00		
Grant Fund	A-13		<u>233,341.48</u>		
			<u>\$ 3,827,324.44</u>		

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit B

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES

& FUND BALANCE - REGULATORY BASIS - TRUST FUND

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>5,433.46</u>	\$ <u>4,581.11</u>
<u>Trust Other Fund</u>			
Cash	B-1	394,420.70	335,131.35
Interfund - Current Fund	B-5	<u>35,779.04</u>	<u>37,608.27</u>
		<u>430,199.74</u>	<u>372,739.62</u>
		\$ <u>435,633.20</u>	\$ <u>377,320.73</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Interfund - Current Fund	B-4	\$ 1,436.06	\$ 911.31
Due to State of New Jersey	B-2		11.80
Reserve for Animal Control Trust Fund Expenditures	B-3	<u>3,997.40</u>	<u>3,658.00</u>
		<u>5,433.46</u>	<u>4,581.11</u>
<u>Trust Other Fund</u>			
Reserve for:			
Miscellaneous Trust Accounts	B-6	<u>430,199.74</u>	<u>372,739.62</u>
		<u>430,199.74</u>	<u>372,739.62</u>
		\$ <u>435,633.20</u>	\$ <u>377,320.73</u>

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES **Exhibit C**

& FUND BALANCE - REGULATORY BASIS - CAPITAL FUND

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2	\$ 541,083.56	\$ 563,383.46
Grants Receivable		1,821.50	1,821.50
Deferred Charges to Future Taxation:			
Funded	C-4	4,220,968.00	4,421,768.00
Unfunded	C-5	125,664.48	125,754.48
Interfunds - Current Fund	C-6	20,731.73	23,477.49
		<u>\$ 4,910,269.27</u>	<u>\$ 5,136,204.93</u>
<u>Liabilities and Reserves</u>			
Reserve for Payment of Bonds	C-3	\$ 500.00	\$ 500.00
Capital Improvement Fund	C-7	97,704.66	96,704.66
Improvement Authorizations:			
Funded	C-8	465,432.13	479,160.45
Unfunded	C-8	125,664.48	125,664.48
Reserve for Encumbrances	C-8		9,000.00
General Serial Bonds Payable	C-9	4,220,968.00	4,421,768.00
Fund Balance	C-1		3,407.34
		<u>\$ 4,910,269.27</u>	<u>\$ 5,136,204.93</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$125,664.48 and \$125,754.48 on December 31, 2014 (Schedule C-10).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 3,407.34
Decreased by:		
Interfund - Current Fund	C-6	<u>3,407.34</u>
Balance December 31, 2015	C	\$ <u> </u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 1 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-4	\$ 553,747.74	\$ 648,345.08
Change Fund		100.00	100.00
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	24,975.15	45,012.50
Utility Liens		4,277.79	4,277.79
Interfund - Grant Fund	D-10	76,562.30	
Total Operating Fund		<u>659,662.98</u>	<u>697,735.37</u>
<u>Capital Fund</u>			
Fixed Capital	D-7	3,474,041.08	3,474,041.08
Fixed Capital Authorized and Uncompleted	D-8	980,611.34	980,611.34
Interfunds:			
Interfund - Water-Sewer Utility Operating Fund	D-10	224,052.10	175,388.37
Total Water-Sewer Utility Capital Fund		<u>4,678,704.52</u>	<u>4,630,040.79</u>
Total Assets		<u>\$ 5,338,367.50</u>	<u>\$ 5,327,776.16</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities:			
Reserve for Encumbrances	D-3	\$ 12,490.14	\$ 14,995.53
Appropriation Reserves	D-3	80,706.72	55,204.84
Prepaid Consumer Accounts	D-4	5,375.21	6,713.72
Accounts Payable	D-9	3,340.00	2,233.00
Interfunds:			
Current Fund	D-10	45,641.28	24,643.38
Water-Sewer Utility Capital Fund	D-10	224,052.10	175,388.37
Accrued Interest Payable	D-11	5,774.05	6,725.55
		<u>377,379.50</u>	<u>285,904.39</u>
Reserve for Receivables		29,252.94	49,290.29
Fund Balance	D-1	253,030.54	362,540.69
Total Operating Fund		<u>659,662.98</u>	<u>697,735.37</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

BALANCE SHEET - WATER-SEWER UTILITY FUND

Exhibit D

REGULATORY BASIS

Sheet 2 of 2

DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Capital Fund</u>			
Liabilities:			
Improvement Authorizations:			
Funded	D-12	\$ 61,463.56	\$ 68,448.96
Unfunded	D-12	19,089.95	19,089.95
Capital Improvement Fund	D-13	162,588.54	142,588.54
Reserve for Amortization	D-14	2,458,696.42	2,408,685.42
Reserve for Deferred Amortization	D-15	195,910.05	121,750.00
USDA Loan Payable	D-16	891,924.00	916,175.00
Serial Bonds Payable	D-17	889,032.00	953,232.00
Fund Balance			70.92
Total Water-Sewer Utility Capital Fund		<u>4,678,704.52</u>	<u>4,630,040.79</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,338,367.50</u>	<u>\$ 5,327,776.16</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$19,089.95 and \$54,810.00 respectively. (Exhibit D-18).

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated	D-2	\$ 238,829.08	\$ 240,898.00
Rents	D-2	931,494.46	947,906.87
Miscellaneous	D-2	9,736.13	15,894.92
Federal Emergency Management Grant	D-2	137,100.00	
Utility Capital Fund - Fund Balance	D-2	70.92	
Other Credits to Income:			
Cancel Accounts Payable		2,233.00	
Unexpended Balance of Appropriation Reserves	D-9	39,499.06	83,505.31
Total Income		<u>1,358,962.65</u>	<u>1,288,205.10</u>
<u>Expenditures</u>			
Operating		841,297.95	748,098.00
Capital Improvements		165,000.00	121,000.00
Debt Service		139,268.40	140,349.32
Deferred Charges and Statutory Expenditures		83,220.05	40,000.00
	D-3	<u>1,228,786.40</u>	<u>1,049,447.32</u>
Prior Year Receipt Canceled	D-4	857.32	
Total Expenditures		<u>1,229,643.72</u>	<u>1,049,447.32</u>
Excess in Revenue		129,318.93	238,757.78
Fund Balance January 1	D	<u>362,540.69</u>	<u>364,680.91</u>
		491,859.62	603,438.69
Decreased by:			
Utilized as Anticipated Revenue	D-2	<u>238,829.08</u>	<u>240,898.00</u>
Fund Balance December 31	D	<u>\$ 253,030.54</u>	<u>\$ 362,540.69</u>

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-2

STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 238,829.08	\$ 238,829.08	\$
Rents	D-1,6	851,000.00	931,494.46	80,494.46
Miscellaneous	D-1,4	3,000.00	9,736.13	6,736.13
Federal Emergency Management Grant	D-1	137,100.00	137,100.00	
Utility Capital Fund - Fund Balance	D-1	70.92	70.92	
		<u>\$ 1,230,000.00</u>	<u>\$ 1,317,230.59</u>	<u>\$ 87,230.59</u>
	<u>Ref.</u>	D-3		
<u>Analysis of Miscellaneous Revenue</u>				
Interest Collected on Delinquent Rents			\$ 3,248.46	
Other Miscellaneous			<u>6,487.67</u>	
	D-2		<u>\$ 9,736.13</u>	

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 295,000.00	\$ 295,000.00	\$ 262,856.23	\$ 32,143.77	\$
Other Expenses	249,977.95	249,977.95	219,566.30	30,411.65	
Audit and Professional	30,000.00	30,000.00	16,755.00	13,245.00	
Ocean County Utility Authority	266,320.00	266,320.00	266,305.20	14.80	
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Capital Outlay	1,000.00	1,000.00		1,000.00	
Federal Emergency Management Grant					
Federal Share	137,100.00	137,100.00	137,100.00		
Local Share	6,900.00	6,900.00	6,900.00		
Debt Service:					
Payment of Bond Principal	64,200.00	64,200.00	64,200.00		
Interest on Bonds	22,450.00	22,450.00	21,236.40		1,213.60
USDA Loan Principal	24,251.00	24,251.00	24,251.00		
USDA Loan Interest	29,581.00	29,581.00	29,581.00		
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Cash Deficit Ordinance 00-08	21,560.00	21,560.00	21,560.00		
Cash Deficit Ordinance 03-05	14,160.05	14,160.05	14,160.05		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	22,000.00	22,000.00	20,108.50	1,891.50	
Public Employee's Retirement System	23,500.00	23,500.00	23,500.00		
Unemployment Compensation Insurance	2,000.00	2,000.00		2,000.00	
	<u>\$ 1,230,000.00</u>	<u>\$ 1,230,000.00</u>	<u>\$ 1,148,079.68</u>	<u>\$ 80,706.72</u>	<u>\$ 1,213.60</u>
	Ref.	D-2	D-1	D	D-1
Reserve for Encumbrances	D		\$ 12,490.14		
Cash Disbursements	D-4		915,823.09		
Deferred Charges			35,720.05		
Interfunds	D-10		184,997.90		
Accrued Interest on Bonds, Notes and Loans	D-11		(951.50)		
			<u>\$ 1,148,079.68</u>		

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit E

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES - PAYROLL FUND

STATUTORY BASIS

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ <u>74,621.62</u>	\$ <u>11,618.35</u>
<u>Liabilities</u>		
Interfund - Current Fund	\$ 11,183.09	\$ 11,183.09
Payroll Deductions Payable	<u>63,438.53</u>	<u>435.26</u>
	<u>\$ 74,621.62</u>	<u>\$ 11,618.35</u>

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

Exhibit F

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 1,714,100.00	\$ 1,714,100.00
Building	5,058,338.00	5,058,338.00
Furniture, Fixtures and Equipment	<u>1,698,721.00</u>	<u>1,669,781.00</u>
	<u>\$ 8,471,159.00</u>	<u>\$ 8,442,219.00</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 8,471,159.00</u>	<u>\$ 8,442,219.00</u>

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

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**BOROUGH OF LAKEHURST
COUNTY OF OCEAN**

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

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") Statement 14 as amended by GASB Statements No. 39 and 61 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Trust Fund - dog and cat license revenues and expenditures.

Trust Other Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water-sewer supply system from user fees.

Water-Sewer Utility Capital Fund - resources, 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.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

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

C. Basis of Accounting

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

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

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

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

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

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

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2015 is set forth in Note 4.

Property Acquired for Taxes - Recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

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

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve. The status of interfunds is set forth in Note 14.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior 1992 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after 1992 are recorded at cost.

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

GAAP does not require utilization of a general fixed asset account group.

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

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

Utility Fixed Assets - Accounting for utility fund "fixed capital" remains unchanged.

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

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

During 2015 and 2014 the following changes occurred in the fixed assets of the Borough:

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets (Continued)

	Balance		Net		Balance
	Jan. 1, 2015		Change		Dec. 31, 2015
General Fixed Assets Account Group:					
Land and Buildings	\$ 6,772,438	\$		\$	\$ 6,772,438
Machinery and Equipment	1,669,781		28,940		1,698,721
Water-Sewer Utility Fund:					
Fixed Capital	3,474,041				3,474,041
Fixed Capital Authorized and Uncompleted	<u>980,611</u>				<u>980,611</u>
	<u>\$ 12,896,871</u>	\$	<u>28,940</u>	\$	<u>\$ 12,925,811</u>
	Balance		Net		Balance
	Jan. 1, 2014		Change		Dec. 31, 2014
General Fixed Assets Account Group:					
Land and Buildings	\$ 6,772,438	\$		\$	\$ 6,772,438
Machinery and Equipment	1,755,372		(85,591)		1,669,781
Water-Sewer Utility Fund:					
Fixed Capital	3,474,041				3,474,041
Fixed Capital Authorized and Uncompleted	<u>980,611</u>				<u>980,611</u>
	<u>\$ 12,982,462</u>	\$	<u>(85,591)</u>	\$	<u>\$ 12,896,871</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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 Firemen's Retirement System (PFRS).

G. Subsequent Events

The Borough has evaluated subsequent events through June 29, 2016, the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Borough's deposits was \$3,503,917 and the bank balance amount was \$3,449,530. Of this amount \$250,000 was covered by federal depository insurance, a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$3,163,910 and \$35,620 was in the State of New Jersey's Cash Management Fund.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a 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 obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At year end, carrying value of the Borough's investments and the investment balance amount was \$35,620.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	3,163,910	3,049,877
Uninsured	<u>35,620</u>	<u>35,619</u>
	\$ <u>3,449,530</u>	\$ <u>3,335,496</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 3. DEBT

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

A. Long-Term Debt

On December 31, 2015, the Borough had long-term debt as follows:

General Capital Fund

2.25% to 2.50% General Obligation Bonds Issued February 21 2013, installment maturities to March 1, 2026	\$ 1,055,000
2.00% to 4.00% General Obligation Refunding Bonds Issued May 15, 2013, installment maturities to December 1, 2040	<u>3,165,968</u>
	\$ <u>4,420,968</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (continued)

Water-Sewer Utility Capital Fund

3.25% U.S.D.A. Water-Sewer Loan Issued December 23, 1999, installment maturities to December 23, 2039	\$ 891,924
2.25% to 2.50% General Obligation Bonds Issued February 21, 2013, installment maturities to March 1, 2026	775,000
2.00% to 4.00% General Obligation Refunding Bonds Issued May 15, 2013, installment maturities to December 1, 2040	<u>114,032</u>
	\$ <u>1,780,956</u>

The General Capital Fund bonds mature semi-annually in variable amounts to the year 2040. The Water-Sewer Utility Capital Fund bonds and loans mature serially in variable amounts to the year 2039. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 200,800.00	\$ 121,719.00	\$ 94,246.00	\$ 50,215.00
2017	200,800.00	117,490.00	95,066.00	47,848.00
2018	210,625.00	113,262.00	96,089.00	45,454.00
2019	215,450.00	108,824.00	97,139.00	43,029.00
2020	220,450.00	104,290.00	98,043.00	40,571.00
2021-2025	837,750.00	445,921.00	539,581.00	163,116.00
2026-2030	1,021,925.00	248,029.00	297,646.00	98,170.00
2031-2035	786,475.00	200,479.00	245,382.00	59,793.00
2036-2040	<u>526,693.00</u>	<u>105,339.00</u>	<u>217,764.00</u>	<u>18,735.00</u>
	\$ <u>4,220,968.00</u>	\$ <u>1,565,353.00</u>	\$ <u>1,780,956.00</u>	\$ <u>566,931.00</u>

B. Short-term Debt

On December 31, 2015, the Borough had no outstanding bond anticipation notes.

C. Bonds and Notes Authorized but not Issued

At December 31 the Borough had authorized but not issued bonds and notes as follows:

		<u>2015</u>		<u>2014</u>
General Capital Fund	\$	125,664	\$	125,754
Water-Sewer Utility Capital Fund		19,090		54,810

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2015 was 2.64%. The Borough's remaining borrower power is 0.86%

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

E. Summary of Debt Activity

During 2015 and 2014 the following changes occurred in the outstanding debt of the Borough:

	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Due in</u> <u>One Year</u>
General Debt:				
Serial Bonds	\$ 4,421,768	\$ 200,800	\$ 4,220,968	\$ 200,800
Water-Sewer Utility Fund Debt:				
Serial Bonds	953,232	64,200	889,032	69,200
U.S.D.A. Loan Payable	916,175	24,251	891,924	25,046
Other:				
Compensated Balanced	<u>106,754</u>	<u> </u>	<u>106,754</u>	<u> </u>
	<u>\$ 6,397,929</u>	<u>\$ 289,251</u>	<u>\$ 6,108,678</u>	<u>\$ 295,046</u>

	<u>Balance</u> <u>Jan. 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Due in</u> <u>One Year</u>
General Debt:					
Serial Bonds	\$ 4,617,743	\$	\$ 195,975	\$ 4,421,768	\$ 200,800
Water-Sewer Utility Fund Debt:					
Serial Bonds	1,017,257		64,025	953,232	64,200
U.S.D.A. Loan Payable	939,657		23,482	916,175	24,251
Other:					
Compensated Balanced	<u>95,569</u>	<u>11,185</u>	<u> </u>	<u>106,754</u>	<u> </u>
	<u>\$ 6,670,226</u>	<u>\$ 11,185</u>	<u>\$ 283,482</u>	<u>\$ 6,397,929</u>	<u>\$ 289,251</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 4. ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$105,718 and \$106,754 at December 31, 2015 and 2014, respectively. In accordance with New Jersey accounting principles this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2015</u>	<u>2014</u>
Current Fund	\$ 726,000	\$ 725,000
Water-Sewer Utility Operating Fund	222,692	238,829

NOTE 6. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2015</u>	<u>2014</u>
Prepaid Taxes	\$ 29,603	\$ 31,103
Prepaid Water-Sewer Charges	5,375	6,714

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONTINUED)

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statute 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 9. 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/annrprts.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.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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 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 \$106,314.00 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 \$2,553,943.00. 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 .01138%, which was a decrease of .11758% from its proportion measured as of June 30, 2014.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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	2,553,943.00	2,414,512.00
Borough's portion of the Plan's total net pension Liability	0.01138%	0.12896%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$155,985.00.

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.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2015

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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:

<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	<u>100.00%</u>	

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.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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>
Borough's proportionate share of the net pension liability	\$ 3,174,238.41	\$ 2,553,942.80	\$ 2,033,891.44

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/annrprts.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.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

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

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 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 \$104,693.00 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 \$2,750,919.00. 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 .01652%, which was an increase of .00288% from its proportion measured as of June 30, 2014.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

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

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	2,750,919.00	1,714,613.00
Borough's portion of the Plan's total net pension Liability	0.01652%	0.01363%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$345,821.00.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$241,246.67 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 measured as of June 30, 2015 was .01652%, which was an increase of .00288% 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	\$ 2,750,919.00
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>241,246.67</u>
Total Net Pension Liability	<u>\$ 2,992,165.67</u>

For the year ended December 31, 2015, the Borough's total allocated pension expense of \$375,913.00.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

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

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:

Measurement date	June 30, 2015
Actuarial 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-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:

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (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	<u>100.00%</u>	

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 LAKEHURST - COUNTY OF OCEAN

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

NOTE 9. PENSION OBLIGATIONS (CONTINUED)

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

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Borough's proportionate share of the Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 3,944,624.29	\$ 2,992,165.67	\$ 2,215,520.77

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

C. Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A. 43:15C-1 et. seq.*

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Borough's contributions were as follows:

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. On February 6, 2003, the Borough authorized participation in the SHBP’s post-retirement benefit program through Resolution Number 03-054. The Borough adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

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

Funding Policy

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

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough contributions to SHBP for the years ended December 31, 2015, 2014 and 2013 were \$118,206, \$137,954 and \$150,270, respectively, which equaled the required contributions for each year. There were approximately 7 retired participants eligible at December 31, 2015, 2014 and 2013.

NOTE 11. SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 11. SCHOOL TAXES (CONTINUED)

In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy. In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Local District School Tax</u>	
	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Balance of Tax	\$ 730,446	\$ 729,853
Deferred	<u>500,749</u>	<u>500,749</u>
Tax Payable	\$ <u>229,697</u>	\$ <u>229,104</u>

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Borough estimates that no material liabilities will result from such audits.

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 13. CONTINGENT LIABILITIES (CONTINUED)

Pending Litigation

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

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

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 58,260	\$ 199,191
Grant Fund	142,680	76,562
Trust Other Fund	35,779	
Animal Control Trust Fund		1,436
General Capital Fund	20,732	
Water-Sewer Utility Operating Fund	76,562	269,693
Water-Sewer Utility Capital Fund	224,052	
Payroll Fund	<u> </u>	<u>11,183</u>
	\$ <u>558,065</u>	\$ <u>558,065</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

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

NOTE 15. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Water-Sewer Utility Fund	Total
Federal & State Aid	\$ -	\$ 236,234.67	\$ 1,821.50	\$ -	\$ 238,056.17
Taxes	169,392.31	-	-	-	169,392.31
Utility Rents	-	-	-	29,252.94	29,252.94
Other	13,952.44	-	-	-	13,952.44
Total	\$ 183,344.75	\$ 236,234.67	\$ 1,821.50	\$ 29,252.94	\$ 450,653.86

SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2014	Ref. A		\$ 1,718,898.77
Increased by Receipts:			
Taxes Receivable	A	\$ 4,166,184.85	
Prepaid Taxes		29,602.56	
Tax Overpayments		3,721.20	
State of New Jersey (Ch. 20, P.L. 1971)	A-7	17,595.00	
State of New Jersey Various Fees		475.00	
Revenue Accounts Receivable	A-8	961,180.99	
Miscellaneous Revenue Not Anticipated		272,543.26	
Interfunds:			
Grant Fund		<u>141,094.18</u>	
			<u>5,592,397.04</u>
			<u>7,311,295.81</u>
Decreased by Disbursements:			
2015 Budget Appropriations		3,353,564.42	
2014 Budget Appropriations	A-9	74,986.24	
Change Fund		300.00	
County Taxes Payable	A-10	684,042.51	
Local District School Tax		1,191,136.00	
Accounts Payable		171.00	
Tax Refunds		230.15	
Refunds		1,511.68	
State of New Jersey Various Fees		400.00	
Interfunds:	A-11		
Other Funds		22,518.38	
Grant Fund		<u>47,825.79</u>	
			<u>5,376,686.17</u>
Balance December 31, 2015	A		<u>\$ 1,934,609.64</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2014	Added Taxes	2015 Levy	Collections		Due from State	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2015
				2015	2014				
2014	\$ 105,636.98	1,000.00	\$	\$ 98,352.79	\$ 7,804.50	\$	\$	\$	\$ 479.69
2015		757.26	4,246,732.22	4,067,832.06	31,103.08	19,150.78	3,447.60	728.66	125,227.30
	<u>\$ 105,636.98</u>	<u>\$ 1,757.26</u>	<u>\$ 4,246,732.22</u>	<u>\$ 4,166,184.85</u>	<u>\$ 38,907.58</u>	<u>\$ 19,150.78</u>	<u>\$ 3,447.60</u>	<u>\$ 728.66</u>	<u>\$ 125,706.99</u>

Analysis of 2015 Property Tax Yield and Tax Levy

	Ref.	
Tax Yield:		
General Purpose Tax		\$ 4,225,875.33
Added and Omitted Taxes		<u>20,856.89</u>
General Purpose Tax	A-6	\$ <u>4,246,732.22</u>
Tax Levy:		
Local District School Tax	A-15	\$ 1,191,729.00
County Taxes:		
County Tax		\$ 578,049.45
County Library Tax		62,585.72
County Health Tax		22,522.87
County Open Space Preservation		19,779.77
Due County for Added and Omitted Taxes		<u>3,359.47</u>
Total County Taxes		686,297.28
Local Tax for Municipal Purposes Levied	A-2	2,350,153.12
Add: Additional Tax Levied		<u>18,552.82</u>
	A-6	\$ <u>4,246,732.22</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2014		\$ 40,237.72
Increased by:		
Transfers from Taxes Receivable		<u>3,447.60</u>
Balance December 31, 2015		<u>\$ 43,685.32</u>

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

PER CHAPTER 20, P.L. 1971

Exhibit A-7

Balance December 31, 2014 - (Due From)	Ref. A		\$ (115.00)
Increased by:			
2015 Senior Citizens and Veterans Deductions per Tax Duplicate		\$ 19,000.00	
Current Year Deductions Allowed (Net)		<u>150.78</u>	
			<u>19,150.78</u>
			<u>19,265.78</u>
Decreased by:			
Disallowed By Tax Collector: Prior Year Deductions		1,000.00	
Receipts		<u>17,595.00</u>	
			<u>18,595.00</u>
Balance December 31, 2015 - (Due From)	A		<u>\$ (670.78)</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Ref.	<u>Balance Dec. 31, 2014</u>	<u>Accrued in 2015</u>	<u>Collections</u>	<u>Balance Dec. 31, 2015</u>
Licenses					
Alcoholic Beverages	A-2	\$	\$ 15,300.00	\$ 15,300.00	\$
Other	A-2		10,064.00	10,064.00	
Fees and Permits					
Other	A-2		93,045.94	93,045.94	
Fines and Costs	A-2				
Municipal Court	A-2	10,647.44	169,219.33	165,914.33	13,952.44
Interest and Costs on Taxes	A-2		22,527.27	22,527.27	
Interest on Investments and Deposits			1,919.04	1,919.04	
State Aid:	A-2				
Consolidated Municipal Property Tax Relief Act			46,493.00	46,493.00	
Energy Receipts Tax	A-2		248,946.00	248,946.00	
Uniform Construction Code Fees			4,391.20	4,391.20	
Lakehurst Elementary School - Police Service Contract			40,000.00	40,000.00	
Northeast Housing LLC - Borough of Lakehurst			160,000.00	160,000.00	
Northeast Housing LLC - Borough of Lakehurst			149,870.88	149,870.88	
Uniform Fire Safety Act	A-2		3,450.85	3,450.85	
General Capital Fund - Fund Balance	A-2		3,407.34	3,407.34	
		<u>\$ 10,647.44</u>	<u>\$ 968,634.85</u>	<u>\$ 965,329.85</u>	<u>\$ 13,952.44</u>
	Ref.	A			A
Receipts	A-4			\$ 961,180.99	
Interfunds				<u>4,148.86</u>	
				<u>\$ 965,329.85</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 4

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Reserve For</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>OPERATIONS WITHIN CAPS</u>					
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$	\$ 100.00	\$	\$ 100.00
Other Expenses	1,571.00		1,571.00	261.50	1,309.50
Mayor and Council					
Salaries and Wages	28.50		28.50		28.50
Other Expenses	805.01		805.01		805.01
Municipal Clerk					
Salaries and Wages	95.47		95.47		95.47
Other Expenses	1,062.18	1,655.96	2,718.14	1,854.46	863.68
Financial Administration					
Salaries and Wages	1,712.71		1,712.71		1,712.71
Other Expenses	5,497.70	854.31	4,352.01	1,955.72	2,396.29
Audit Services					
Other Expenses	5,000.00		10,000.00	10,000.00	
Collection of Taxes					
Salaries and Wages	1,142.96		1,142.96		1,142.96
Other Expenses	2,677.48	200.84	878.32	200.84	677.48
Assessment of Taxes					
Salaries and Wages	172.05		172.05		172.05
Other Expenses	1,420.13	347.87	1,768.00	347.87	1,420.13
Legal Services and Costs					
Salaries and Wages	3,704.84		3,704.84		3,704.84
Other Expenses	7,873.00	4,315.94	12,188.94	5,313.44	6,875.50
Engineering Services and Costs					
Other Expenses	5,735.00		2,735.00		2,735.00
Historical Preservation					
Other Expenses	450.00		450.00	347.43	102.57
Municipal Land Use Law (N.J.S. 40:55D-1)					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	91.10		91.10		91.10

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 4

	<u>Balance Dec. 31, 2014</u>	<u>Reserve For Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Police					
Salaries and Wages	11,714.23	\$	\$ 11,714.23	\$	\$ 11,714.23
Other Expenses	3,669.74	3,793.56	7,463.30	3,837.56	3,625.74
Code Enforcement Officer					
Salaries and Wages	283.60		283.60		283.60
Other Expenses	500.00		500.00		500.00
County Rebate					
Salaries and Wages	1,438.51		1,438.51		1,438.51
Insurance					
General Liability	1,425.47		1,425.47		1,425.47
Workers' Compensation	2,145.23		2,145.23		2,145.23
Employee Group Health	62,026.12	314.70	52,340.82	1,258.80	51,082.02
Health Benefits Waiver	1,000.00		1,000.00		1,000.00
Emergency Management Services					
Salaries and Wages	1,269.80		1,269.80		1,269.80
Other Expenses	1,285.18		1,285.18		1,285.18
Emergency Medical Services					
Other Expenses	130.00		130.00		130.00
Uniform Safety Act					
Salaries and Wages	134.64		134.64		134.64
Other Expenses	500.00		500.00		500.00
Municipal Court					
Salaries and Wages	18,942.80		18,942.80		18,942.80
Other Expenses	5,564.35	160.00	5,724.35	1,047.26	4,677.09
Fire					
Other Expenses		272.00	272.00	272.00	
Municipal Prosecutor					
Salaries and Wages	961.50		961.50		961.50
Other Expenses	100.00		100.00		100.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 4

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Reserve For</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Public Defender					
Salaries and Wages	\$ 1,184.96	\$	\$ 1,184.96	\$	\$ 1,184.96
Other Expenses	100.00		100.00		100.00
Road Repairs and Maintenance					
Salaries and Wages	10,907.36		6,907.36		6,907.36
Other Expenses	2,755.65		12,755.65	180.00	12,575.65
Garbage and Trash Removal					
Salaries and Wages	14,455.79		10,455.79		10,455.79
Other Expenses	3,716.60	2,487.99	6,204.59	2,487.99	3,716.60
Recycling					
Salaries and Wages	4,000.00		4,000.00		4,000.00
Other Expenses	4,006.54	95.25	4,101.79	330.25	3,771.54
Public Buildings, Grounds and Lakes					
Salaries and Wages	1,354.60		1,354.60		1,354.60
Other Expenses	699.34	4,697.93	5,397.27	5,072.66	324.61
Vehicle Maintenance					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	13,741.09	3,177.33	16,918.42	7,120.96	9,797.46
Animal Control					
Other Expenses	2,579.70	457.00	3,036.70	1,217.00	1,819.70
Youth and Recreation					
Salaries and Wages	1,798.96		1,798.96		1,798.96
Other Expenses	1,242.36		1,242.36		1,242.36
Celebration of Public Events					
Other Expenses	1,953.92	39.95	1,993.87	1,039.95	953.92
Utilities:					
Gasoline	10,532.09		10,532.09	6,163.69	4,368.40
Electricity	4,044.58		4,044.58	400.00	3,644.58
Telephone	1,229.77		1,229.77	589.31	640.46
Natural Gas	1,808.90		1,808.90		1,808.90
Street Lighting	5,525.74		5,525.74		5,525.74

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 4

	<u>Balance Dec. 31, 2014</u>	<u>Reserve For Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Utilities (Continued):					
Fuel	224.32	\$	\$ 224.32		\$ 224.32
Telecommunications	1,073.13		1,073.13	71.18	1,001.95
Landfill Disposal Cost - Other Expenses					
Deferred Sick Time	5,000.00		15,000.00	15,000.00	
Public Employees' Retirement System of New Jersey	107.66		107.66		107.66
Police and Firemen's Retirement System of NJ	122.00		122.00		122.00
Social Security System	8,868.86		8,868.86		8,868.86
Unemployment Compensation Insurance	1,456.04		1,456.04	1,400.00	56.04
Defined Contribution Retirement Program	500.00		500.00		500.00
Total Appropriations within Caps	<u>257,420.26</u>	<u>22,870.63</u>	<u>280,290.89</u>	<u>67,769.87</u>	<u>212,521.02</u>
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
Recycling Fees	2,869.30	235.00	3,104.30		3,104.30
Northeast Housing LLC - Borough of Lakehurst					
Police					
Salaries and Wages	8,726.54		8,726.54	8,651.00	75.54
Administration					
Salaries and Wages	5,662.46		5,662.46		5,662.46
Other Expenses	578.37		578.37		578.37
Total Appropriations excluded from Caps	<u>17,836.67</u>	<u>235.00</u>	<u>18,071.67</u>	<u>8,651.00</u>	<u>9,420.67</u>
	<u>\$ 275,256.93</u>	<u>\$ 23,105.63</u>	<u>\$ 298,362.56</u>	<u>\$ 76,420.87</u>	<u>\$ 221,941.69</u>
Disbursements				\$ 74,986.24	
Accounts Payable				<u>1,434.63</u>	
				<u>\$ 76,420.87</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2014			\$	1,104.70
Increased by:				
County Tax	A-5	\$	578,049.45	
County Library Tax			62,585.72	
County Health Tax			22,522.87	
County Open Space Tax			19,779.77	
Added and Omitted Taxes	A-5		<u>3,359.47</u>	
	A-1			<u>686,297.28</u>
				<u>687,401.98</u>
Decreased by:				
Payments	A-4			<u>684,042.51</u>
Balance December 31, 2015			\$	<u><u>3,359.47</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Exhibit A-11

Balance December 31, 2014:				
School Tax Payable	A		229,104.00	
School Tax Deferred			<u>500,749.00</u>	
				\$ 729,853.00
Increased by:				
Levy - School Year July 1, 2015 to June 30, 2016				<u>1,191,729.00</u>
				<u>1,921,582.00</u>
Decreased by:				
Payments	A-4			<u>1,191,136.00</u>
Balance December 31, 2015:				
School Tax Payable	A		229,697.00	
School Tax Deferred			<u>500,749.00</u>	
				\$ <u><u>730,446.00</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS - OTHER FUNDS

	Total (Memo Only)	Animal Control Trust	Other Trust Fund	Payroll Fund	Water-Sewer Operating Fund	General Capital Fund
Balance December 31, 2014 - (Due From)/Due To	\$ 24,347.98	\$ (911.31)	\$ 37,608.27	\$ (11,183.09)	\$ (24,643.38)	\$ 23,477.49
Increased by						
2015 Budget Appropriations	1,090.00					1,090.00
Total Increases/Decreases and Balances	<u>25,437.98</u>	<u>(911.31)</u>	<u>37,608.27</u>	<u>(11,183.09)</u>	<u>(24,643.38)</u>	<u>24,567.49</u>
Decreased by:						
Revenue Accounts Receivable	4,148.86	4.35	308.75			3,835.76
Disbursements	22,518.38		1,520.48		20,997.90	
Statutory Excess	520.40	520.40				
Total Decreases	<u>27,187.64</u>	<u>524.75</u>	<u>1,829.23</u>	<u> </u>	<u>20,997.90</u>	<u>3,835.76</u>
Balance December 31, 2015 - (Due From)/Due To	\$ <u>(1,749.66)</u>	\$ <u>(1,436.06)</u>	\$ <u>35,779.04</u>	\$ <u>(11,183.09)</u>	\$ <u>(45,641.28)</u>	\$ <u>20,731.73</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

FEDERAL AND STATE GRANT FUND

SCHEDULE OF INTERFUND

Balance December 31, 2014 - Due To	Ref. A		\$ 49,994.83
Increased by:			
Receipts:			
Grant Accounts Receivable Deposits		\$ 138,661.50	
Unappropriated Funds Received		2,432.68	
Grants Receivable Cancelled		483.21	
Transferred from 2015 Budget Appropriations		<u>233,341.48</u>	
			<u>374,918.87</u>
			<u>424,913.70</u>
Decreased by:			
Grant Fund Disbursements		47,825.79	
Cancelled:			
Unappropriated Reserve		.87	
Appropriated Reserves		1,065.21	
Transferred from 2015 Anticipated Revenue		<u>233,341.48</u>	
			<u>282,233.35</u>
Balance December 31, 2015 - Due To	A		\$ <u><u>142,680.35</u></u>

TOWNSHIP OF OCEAN - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

FEDERAL AND STATE GRANT FUND

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

08

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Revenue</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2015</u>
	\$	\$	\$	\$
2014 - 966	10,638.75		10,638.75	
2014 - Alco Ed Rehab	236.32			236.32
2013 - 966	483.21		483.21	
2013 - Driver Sober Get Pulled Over	4,400.00			4,400.00
2015 - Federal Emergency Management Grant(Utility)		137,100.00		137,100.00
2015 - Recycling Tonnage		6,420.38	6,420.38	
2015 - DDEF		4,400.00	4,400.00	
2015 - Homeland Security		24,100.00		24,100.00
2015 - (159) Cops in Shops Res 15-126		1,600.00	1,600.00	
2015 - (159) Drive Sober Res 15-128		7,500.00	7,500.00	
2015 - (159) Alco Ed Rehab Res 15-129		58.93	58.93	
2015 - (159) Click it or Ticket Res 15-127		4,000.00	4,000.00	
2015 - (159) Clean Communities Res 15-130		4,920.23	4,920.23	
2015 - (159) Driver Sober Res 15-147		5,000.00	5,000.00	
2015 - (159) DOT Lake St Res 15-164		169,000.00	103,601.65	65,398.35
2015 - (159) Body Armor Res 15-186		1,341.94	1,341.94	
2015 - (159) Drive Sober Res 15-198		5,000.00		5,000.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	\$ <u>15,758.28</u>	\$ <u>370,441.48</u>	\$ <u>149,965.09</u>	\$ <u>236,234.67</u>
	Ref. A			A
Interfund - Grant Fund:				
Current Fund:				
Budget Revenues		233,341.48		
Receipts			\$ 138,661.50	
Cancelled			483.21	
Water Utility Operating Fund:				
Budget Revenues		137,100.00		
Unappropriated Reserves Realized			<u>10,820.38</u>	
		<u> </u>	<u> </u>	
		\$ <u>370,441.48</u>	\$ <u>149,965.09</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>Transfer from 2015 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2015</u>
2015 Grant Awards:						
2015 - Recycling Tonnage	\$	\$ 6,420.38	\$	\$		\$ 6,420.38
2015 - DDEF		4,400.00				4,400.00
2015 - Homeland Security		24,100.00		19,472.81		4,627.19
2015-Federal Emergency Management Grant (Utility Operating Fund)						
State Share		137,100.00		83,462.30		53,637.70
Local Share		6,900.00				6,900.00
2015 - (159) Cops in Shops Res 15-126		1,600.00		1,600.00		
2015 - (159) Drive Sober Res 15-128		7,500.00		4,500.00		3,000.00
2015 - (159) Alco Ed Rehab Res 15-129		58.93				58.93
2015 - (159) Click it or Ticket Res 15-127		4,000.00		4,000.00		
2015 - (159) Clean Communities Res 15-130		4,920.23		1,685.49		3,234.74
2015 - (159) Driver Sober Res 15-147		5,000.00				5,000.00
2015 - (159) DOT Lake St Res 15-164		169,000.00		15,650.16		153,349.84
2015 - (159) Body Armor Res 15-186		1,341.94				1,341.94
2015 - (159) Drive Sober Res 15-198		5,000.00				5,000.00
2014 Grant Awards:						
966 Grant			10,638.75	10,638.75		
Body Armor Grant	2,786.65			2,786.65		
Clean Communities Program	4,048.19			2,403.39		1,644.80
Drive Sober or Get Pulled Over	5,000.00			5,000.00		
Recycling Tonnage Grant	4,889.84					4,889.84
Municipal Alcohol Education/Rehabilitation Program	236.32					236.32
2013 Grant Awards:						
966 Grant	465.21				465.21	
Body Armor Grant	1,696.96			325.35		1,371.61
Clean Communities Program	153.26					153.26
Drunk Driving Enforcement	11,025.18			325.00		10,700.18
Recycling Tonnage Grant	6,085.59					6,085.59
2012 Grant Awards:						
Aggressive Driving	600.00				600.00	
Clean Communities			250.00			250.00
2011 Grant Awards:						
Body Armor Grant	1,288.47					1,288.47
Recycling Tonnage Grant	4,153.80					4,153.80
2010 Grant Awards:						
Body Armor Grant	744.18					744.18
2009 Grant Awards:						
Body Armor Grant	869.46					869.46
	<u>\$ 44,043.11</u>	<u>\$ 377,341.48</u>	<u>\$ 10,888.75</u>	<u>\$ 151,849.90</u>	<u>\$ 1,065.21</u>	<u>\$ 279,358.23</u>
Interfund-Grant Fund						
Current Fund		\$ 233,341.48		\$ 47,825.79		
Water-Sewer Utility Operating Fund		144,000.00		83,462.30		
Reserve for Encumbrances				20,561.81		
		<u>\$ 377,341.48</u>		<u>\$ 151,849.90</u>		

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>Received</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</u>
Alcohol Education Rehabilitation	\$ <u>.87</u>	\$ <u> </u>	\$ <u>0.87</u>	\$ <u> </u>
Drunk Driving Enforcement Fund	4,400.00		4,400.00	
Recycling Tonnage Grant	<u>6,420.38</u>	<u>2,432.68</u>	<u>6,420.38</u>	<u>2,432.68</u>
	\$ <u>10,821.25</u>	\$ <u>2,432.68</u>	\$ <u>10,821.25</u>	\$ <u>2,432.68</u>

TRUST FUND

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Trust Fund	Other Trust Fund
Balance December 31, 2014	B	<u>\$ 4,581.11</u>	<u>\$ 335,131.35</u>
Increased by Receipts:			
Due State of New Jersey	B-2	\$ 312.00	\$
Dog Licenses and Other Fees	B-3	1,407.00	
Interest Earned	B-4	4.35	308.75
Miscellaneous Reserves			<u>191,214.83</u>
		<u>1,723.35</u>	<u>191,523.58</u>
		<u>6,304.46</u>	<u>526,654.93</u>
Decreased by Disbursements:			
Due State of New Jersey	B-2	312.00	
Animal Control Trust Fund Expenditures	B-3	559.00	
Interfunds			
Miscellaneous Reserves	B-5		132,234.23
		<u>871.00</u>	<u>132,234.23</u>
Balance December 31, 2015	B	<u>\$ 5,433.46</u>	<u>\$ 394,420.70</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

Balance December 31, 2014			\$ 11.80
Increased by:			
Fees Collected	B-1		<u>312.00</u>
			323.80
Decreased by:			
Canceled Previous Year Balance		\$ 11.80	
Canceled Previous Year Due to State		<u>312.00</u>	
	B-1		<u>323.80</u>
Balance December 31, 2015			\$ <u><u> </u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2014	Ref. B		\$ 3,658.00
Increased by:			
Animal Control License Fees Collected		\$ 1,407.00	
Canceled Previous Year Due to State		<u>11.80</u>	
	B-1		<u>1,418.80</u>
			5,076.80
Decreased by:			
Expenditures Under R.S. 4:19-15.11		559.00	
Statutory Excess Due to Current Fund	B-1	<u>520.40</u>	
Expenditures Under R.S. 4:19-15.11			<u>1,079.40</u>
Balance December 31, 2015	B		\$ <u><u>3,997.40</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 2,452.40
2013	<u>1,545.00</u>
	<u>\$ 3,997.40</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2014 - Due To		\$	911.31
Increased by:			
Statutory Excess Due to Current Fund		\$	520.40
Interest Earned on Deposits			<u>4.35</u>
			<u>524.75</u>
Balance December 31, 2015 - Due To		\$	<u><u>1,436.06</u></u>

OTHER TRUST FUND

SCHEDULE OF INTERFUND - CURRENT FUND

Exhibit B-5

Balance December 31, 2014 - Due From	B	\$	37,608.27
Decreased by:			
Current Fund Expenditures			1,520.48
Interest Earned on Deposits			<u>308.75</u>
			<u>1,829.23</u>
Balance December 31, 2015 - Due From	B	\$	<u><u>35,779.04</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2014	Increases	Decreases	Balance Dec. 31, 2015
Accumulated Sick Leave	\$ 21,441.96	\$ 15,000.00	\$	\$ 36,441.96
Board of Recreation Commissioners	18,958.70	5,435.97	6,510.48	17,884.19
Municipal Alliance Program	280.55			280.55
Parking Offense Adjudication Act	678.73	10.00		688.73
Performance Bonds	163,295.53	63,810.00	840.00	226,265.53
Police Forfeiture Funds	9,551.50	6.63		9,558.13
Police Off Duty	1,634.37	6,800.00	3,568.60	4,865.77
Premium on Tax Sale	68,135.24		27,635.24	40,500.00
Public Defender	25,769.66	4,964.00	5,174.24	25,559.42
∞ Snow Removal	15,929.81		4,221.34	11,708.47
Third Party Tax Title Lien Redemption		56,697.44	56,697.44	(.00)
Unemployment	5,643.95			5,643.95
Uniform Fire Safety Act - Penalty Monies	4,162.92			4,162.92
World Trade Center Fund	549.00			549.00
Escrow Accounts	<u>36,707.70</u>	<u>41,126.03</u>	<u>31,742.61</u>	<u>46,091.12</u>
	\$ 372,739.62	\$ 193,850.07	\$ 136,389.95	\$ 430,199.74
Receipts		\$ 191,214.83	\$	
Disbursements	B		132,234.23	
Intrafund Transfer		2,635.24	2,635.24	
Interfund - Current Fund	B-4		<u>1,520.48</u>	
		\$ 193,850.07	\$ 136,389.95	

GENERAL CAPITAL FUND

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH

Balance December 31, 2014	Ref. C	\$ 563,383.46
Increased by Receipts:		
Interfunds		<u>428.42</u>
		<u>563,811.88</u>
Decreased by Disbursements:		
Improvement Authorizations		<u>22,728.32</u>
Balance December 31, 2015	C	<u><u>\$ 541,083.56</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 3,407.34	\$		\$		\$ 3,407.34		\$
Capital Improvement Fund	96,704.66						1,000.00	97,704.66
Grants Receivable	(1,821.50)							(1,821.50)
Reserve for Payment of Bonds	500.00							500.00
Reserve for Encumbrances	9,000.00					9,000.00		
Interfunds:								
Current Fund	(23,477.49)	428.42				1,090.00	3,407.34	(20,731.73)
Improvement Authorizations:								
Ordinance								
Number	Improvement Description							
95-10	Various Improvements	1,213.08						1,213.08
00-04	Preliminary Expenses - New Municipal Building						9,000.00	9,000.00
00-09	Various Improvements	8,094.50						8,094.50
00-10	Acquisition of Various Properties for New Municipal Building	1,971.07						1,971.07
03-04	Various Improvements	35,066.93						35,066.93
05-22	Emergency Management Services Building	(50.00)					50.00	
06-08	Construction of Emergency Services Complex	(40.00)					40.00	
07-07	Construction of Police Station	18,961.86						18,961.86
08-09	Improvements to Lake Horicon Dam	253,844.89		7,173.82				246,671.07
09-02	Acquisition of New Garbage Truck	71,275.32						71,275.32
12-08	Various Improvements	79,352.38		15,554.50				63,797.88
13-03	Refunding Bond Ordinance	9,380.42						9,380.42
		<u>\$ 563,383.46</u>	<u>\$ 428.42</u>	<u>\$ 22,728.32</u>	<u>\$</u>	<u>\$ 13,497.34</u>	<u>\$ 13,497.34</u>	<u>\$ 541,083.56</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2014	Ref. C	\$ 4,421,768.00
Decreased by:		
2015 Budget Appropriations:		
Serial Bonds Payable		<u>200,800.00</u>
Balance December 31, 2015	C	<u>\$ 4,220,968.00</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

Exhibit C-5

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Raised in 2015 Budget</u>	<u>Balance Dec. 31, 2015</u>	Analysis of Balance
					<u>Dec. 31, 2015</u>
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00	\$	\$ 19,356.00	\$ 19,356.00
00-04	Preliminary Expenses - New Municipal Building	23,583.48		23,583.48	23,583.48
00-09	Various Improvements	35,900.00		35,900.00	35,900.00
03-04	Various Improvements	46,025.00		46,025.00	46,025.00
05-22	Emergency Management Services Building	50.00	50.00		
06-08	Construction of Emergency Services Complex	40.00	40.00		
09-02	Acquisition of New Garbage Truck	800.00		800.00	800.00
		<u>\$ 125,754.48</u>	<u>\$ 90.00</u>	<u>\$ 125,664.48</u>	<u>\$ 125,664.48</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund
Balance December 31, 2014 - Due From	\$ 23,477.49	\$ 23,477.49
Increased by:		
2015 Budget Appropriation	1,090.	1,090.
Total Increases and Balances	<u>24,567.49</u>	<u>24,567.49</u>
Decreased by:		
Receipts	428.42	428.42
Anticipated Fund Balance	3,407.34	3,407.34
Total Decreases	<u>3,835.76</u>	<u>3,835.76</u>
Balance December 31, 2015 - Due From	<u>\$ 20,731.73</u>	<u>\$ 20,731.73</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	\$ 96,704.66
Increased by:	
Budget Appropriation	<u>1,000.00</u>
Balance December 31, 2015	<u>\$ 97,704.66</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2014</u>		<u>Prior Year Reserve for Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2015</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
95-10	Various Improvements	9/21/1995	\$ 44,000.00	\$ 1,213.08	\$	\$	\$	\$ 1,213.08	\$
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	8/19/1999	50,000.00		19,356.00				19,356.00
00-04	Preliminary Expenses - New Municipal Building	3/16/2000	50,000.00		23,583.48	9,000.00		9,000.00	23,583.48
00-09	Various Improvements	9/07/2000	122,760.00	8,094.50	35,900.00			8,094.50	35,900.00
00-10	Acquisition of Various Properties for New Municipal Building	10/05/2000	325,000.00	1,971.07				1,971.07	
03-04	Various Improvements	4/02/2003	279,500.00	35,066.93	46,025.00			35,066.93	46,025.00
07-07	Construction of a Police Station	10/18/2007	1,500,000.00	18,961.86				18,961.86	
08-09	Improvements to Lake Horicon Dam	7/17/2008	300,000.00	253,844.89			7,173.82	246,671.07	
09-02	Acquisition of New Garbage Truck	3/19/2009	262,500.00	71,275.32	800.00			71,275.32	800.00
12-08	Various Improvements	9/06/2012	400,000.00	79,352.38			15,554.50	63,797.88	
13-03	Refunding Bond Ordinance	4/18/2013	119,673.24	9,380.42				9,380.42	
				<u>\$ 479,160.45</u>	<u>\$ 125,664.48</u>	<u>\$ 9,000.00</u>	<u>\$ 22,728.32</u>	<u>\$ 465,432.13</u>	<u>\$ 125,664.48</u>
	Reserve for Encumbrances Disbursements						\$ <u>22,728.32</u>		
							<u>\$ 22,728.32</u>		

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>
99-14	Acquisition of Diesel Exhaust Recovery and Cleaning System	\$ 19,356.00
00-04	Preliminary Expenses - Acquisition of New Municipal Building	23,583.48
00-09	Various Capital Improvements	35,900.00
03-04	Various Capital Improvements	46,025.00
09-02	Acquisition of New Garbage Truck	800.00
		<u>800.00</u>
		\$ <u><u>125,664.48</u></u>

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WATER/SEWER UTILITY FUND

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BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

SCHEDULE OF WATER-SEWER UTILITY CASH - TREASURER

Balance December 31, 2014	Ref. D		\$ 648,345.08
Increased by Receipts:			
Prepaid Consumer Accounts	D	\$ 5,375.21	
Miscellaneous Anticipated Revenue	D-2	9,736.13	
Consumer Accounts Receivable	D-6	<u>924,780.74</u>	
			<u>939,892.08</u>
			<u>1,588,237.16</u>
Decreased by Disbursements:			
2015 Appropriations	D-3	915,823.09	
2014 Appropriation Reserves	D-10	27,361.31	
Interfunds		90,447.70	
Prior Year Receipt Canceled		<u>857.32</u>	
			<u>1,034,489.42</u>
Balance December 31, 2015	D		\$ <u><u>553,747.74</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-5

ANALYSIS OF WATER-SEWER UTILITY CAPITAL CASH

		Balance	Transfers		Balance
		Dec. 31, 2014	From	To	Dec. 31, 2015
Capital Improvement Fund		\$ 142,588.54		\$ 20,000.00	\$ 162,588.54
Interfund - Water-Sewer Utility Operating Fund		(175,388.37)	55,720.05	7,056.32	(224,052.10)
Reserve for Encumbrances		0.00			0.00
Fund Balance		70.92	70.92		0.00
		0.00			0.00
		0.00			0.00
Ordinance		0.00			0.00
Number	Improvement Description	0.00			0.00
00-08	Acquisition of Utility Truck	(21,560.00)		21,560.00	0.00
03-05	Various Improvements	(14,160.05)		14,160.05	0.00
09-14	Improvements to Well No. 16	44,177.87			44,177.87
11-03	Water Tower Improvements	24,271.09	6,985.40		17,285.69
		<u>\$</u>	<u>\$ 62,776.37</u>	<u>\$ 62,776.37</u>	<u>\$</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-6

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014		\$	45,012.50
Increased by:			
Consumer Accounts Receivable			<u>911,457.11</u>
			956,469.61
Decreased by:			
Collections	\$	924,780.74	
Prepayments Applied		<u>6,713.72</u>	
			<u>931,494.46</u>
Balance December 31, 2015		\$	<u><u>24,975.15</u></u>

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-7

			Balance Dec. 31, 2015
Water-Sewer System		\$	<u>3,111,262.29</u>
Water Improvements			204,844.71
Jet Truck for Sewers			35,000.00
Boiler Replacement			6,695.00
Replacement of Water Lines - Chestnut Street			27,000.00
Refurbish Sewer Lift Pump			4,480.00
Computer Equipment			23,000.00
Purchase of Water Meters			14,959.08
Utility Truck			<u>46,800.00</u>
		\$	<u><u>3,474,041.08</u></u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
		<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2015</u>
03-05	Various Water-Sewer Improvements	4/03/2003	\$ 135,000.00	\$ 30,611.34
09-14	Improvements to Well No. 16	9/17/2009	100,000.00	100,000.00
11-03	Water Tower Improvements	9/01/2011	850,000.00	850,000.00
				<u>\$ 980,611.34</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2014</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 4,331.72	\$	\$ 4,331.72	\$	\$ 4,331.72
Other Expenses	26,956.33	14,995.53	41,951.86	20,701.31	21,250.55
Audit and Professional	10,000.00		10,000.00	10,000.00	
Ocean County Utilities Authority	10,247.60		10,247.60		10,247.60
Capital Improvements:					
Capital Improvement Fund					
Capital Outlay	1,000.00		1,000.00		1,000.00
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	1,400.85		1,400.85		1,400.85
Public Employee's Retirement System	268.34		268.34		268.34
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	1,000.00		1,000.00		1,000.00
	<u>\$ 55,204.84</u>	<u>\$ 14,995.53</u>	<u>\$ 70,200.37</u>	<u>\$ 30,701.31</u>	<u>\$ 39,499.06</u>
Accounts Payable Disbursed				\$ 3,340.00 <u>27,361.31</u>	
				<u>\$ 30,701.31</u>	

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Grant Fund	Water-Sewer Capital Fund
Balance December 31, 2014 - Due To	\$ <u>200,031.75</u>	\$ <u>24,643.38</u>	\$ _____	\$ <u>175,388.37</u>
Increased by:				
2015 Budget Appropriations	199,720.05		144,000.00	55,720.05
Expenditures Paid by Current Fund	20,997.90	20,997.90		
Total Increases	<u>220,717.95</u>	<u>20,997.90</u>	<u>144,000.00</u>	<u>55,720.05</u>
Total Increases and Balances	<u>420,749.70</u>	<u>45,641.28</u>	<u>144,000.00</u>	<u>231,108.42</u>
Decreased by:				
Disbursements	90,447.70		83,462.30	6,985.40
2015 Anticipated Revenue	137,170.92		137,100.00	70.92
Disbursements	<u>227,618.62</u>	_____	<u>220,562.30</u>	<u>7,056.32</u>
Balance December 31, 2015 - Due To/(From)	\$ <u>193,131.08</u>	\$ <u>45,641.28</u>	\$ <u>(76,562.30)</u>	\$ <u>224,052.10</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST PAYABLE

Balance December 31, 2014	\$ 6,725.55
Increased by:	
Budget Appropriations	<u>5,774.05</u>
	12,499.60
Decreased by:	
Disbursements	<u>6,725.55</u>
Balance December 31, 2015	<u>\$ 5,774.05</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2014</u>		<u>Paid or Charged</u>	<u>Balance Dec. 31, 2015</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
03-05	Various Water-Sewer Improvements	4/03/2003	\$ 135,000.00	\$	\$ 19,089.95	\$	\$	\$ 19,089.95
09-14	Improvements to Well No. 16	9/17/2009	100,000.00	44,177.87			44,177.87	
11-03	Water Tower Improvements	9/01/2011	850,000.00	24,271.09		6,985.40	17,285.69	
				<u>\$ 68,448.96</u>	<u>\$ 19,089.95</u>	<u>\$ 6,985.40</u>	<u>\$ 61,463.56</u>	<u>\$ 19,089.95</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014		\$	142,588.54
Increased by:			
2015 Budget Appropriation			<u>20,000.00</u>
Balance December 31, 2015		\$	<u>162,588.54</u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-14

Balance December 31, 2014	D		\$	2,408,685.42
Increased by:				
Paid by Operating Budget:				
USDA Loan	D-17	\$	24,251.00	
Serial Bonds			4,200.00	
Cash Deficit Raised			<u>21,560.00</u>	
				<u>50,011.00</u>
Balance December 31, 2015	D		\$	<u>2,458,696.42</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-15

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2014</u>	<u>Increased</u>	<u>Balance Dec. 31, 2015</u>
09-14	Improvements to Well No. 16	9/17/2009	\$ 18,366.00	\$ 5,866.00	\$ 24,232.00
03-05	Various Water-Sewer Improvements	4/03/2003	6,750.00	14,160.05	20,910.05
11-03	Water Tower Improvements	9/01/2011	96,634.00	54,134.00	150,768.00
			<u>\$ 121,750.00</u>	<u>\$ 74,160.05</u>	<u>\$ 195,910.05</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF USDA LOAN PAYABLE

Exhibit D-16

Sheet 1 of 2

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Loan Maturities Outstanding Dec. 31, 2014</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Water-Sewer Improvements	12/23/1999	\$ 1,200,000.00	12/23/2016-39	See D-15 Sheet 2 of 2	3.25%	\$ 916,175.00	\$ 24,251.00	\$ 891,924.00

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE

\$1,200,000 WATER-SEWER IMPROVEMENT LOAN

USDA - 3.25%

Exhibit D-16

Sheet 2 of 2

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2016	25,046	28,786
2017	25,866	27,966
2018	26,714	27,118
2019	27,589	26,243
2020	28,493	25,339
2021	29,462	24,370
2022	30,391	23,441
2023	31,386	22,446
2024	32,415	21,417
2025	33,677	20,155
2026	34,573	19,259
2027	35,706	18,126
2028	36,876	16,956
2029	38,084	15,748
2030	39,332	14,500
2031	40,621	13,211
2032	41,952	11,880
2033	43,326	10,506
2034	44,746	9,086
2035	46,212	7,620
2036	47,726	6,106
2037	49,290	4,542
2038	51,105	2,727
2039	51,336	1,699
	<u>\$ 891,924</u>	<u>\$ 399,247</u>

BOROUGH OF LAKEHURST - COUNTY OF OCEAN

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

**Ordinance
Number**
03-05

Improvement Description
Various Water-Sewer Improvements

**Balance
Dec. 31, 2015**
19,089.95

\$ 19,089.95

BOROUGH OF LAKEHURST
COUNTY OF OCEAN
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2015

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Tax Rate	<u>2014</u> \$ <u>3.011</u>	<u>2013</u> \$ <u>2.899</u>	<u>2012</u> \$ <u>2.138</u>
Apportionment of Tax Rate			
Municipal	1.675	1.605	1.109
County	.487	.454	.415
Local School	.849	.840	.614
Assessed Valuation			
2015	\$ 189,916,984		
2014		\$ 187,699,380	
2013			\$ 188,948,432

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2015	\$ 4,247,489	\$ 4,118,086	96.95%
2014	4,094,211	3,980,518	97.22%
2013	4,039,717	3,911,878	96.83%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 43,685	\$ 125,707	\$ 169,392	3.99%
2014	40,238	105,637	145,875	3.56%
2013	36,918	106,761	143,679	3.56%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 50,000
2014	50,000
2013	50,000

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collection</u>
2015	\$ 911,457	\$ 45,013	\$ 931,494
2014	943,777	49,142	947,907
2013	937,015	81,178	969,051

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2015	\$ 917,922	\$ 726,000
2014	986,859	725,000
2013	1,025,383	725,000
2012	1,030,710	700,000
2011	879,768	650,000
<u>Water-Sewer Fund</u>		
2015	\$ 253,031	\$ 222,692
2014	362,541	238,829
2013	364,681	240,898
2012	272,457	150,000
2011	176,175	154,150

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued</u>			
General Bonds and Notes	\$ 4,220,968	\$ 4,421,768	\$ 4,617,743
Water-Sewer Utility Bonds, Loans and Notes	<u>1,780,956</u>	<u>1,869,407</u>	<u>1,956,914</u>
Total Debt Issued	<u>6,001,924</u>	<u>6,291,175</u>	<u>6,574,657</u>
<u>Authorized but not Issued</u>			
General Bonds and Notes	125,664	125,754	149,671
Water-Sewer Utility Bonds and Notes	<u>19,090</u>	<u>54,810</u>	<u>54,810</u>
Total Authorized but not Issued	<u>144,754</u>	<u>180,564</u>	<u>204,481</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>6,146,678</u>	\$ <u>6,471,739</u>	\$ <u>6,779,138</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 2.64%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 851,000	\$ 851,000	\$ -0-
General Debt	4,346,632		4,346,632
Water-Sewer Utility Debt	<u>1,800,046</u>	<u>1,800,046</u>	<u>-0-</u>
	\$ <u>6,997,678</u>	\$ <u>2,651,046</u>	\$ <u>4,346,632</u>

Net Debt \$4,346,632 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$164,862,193 = 2.64%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6

3.5% of Equalized Valuation Basis	\$ 5,770,177
Net Debt	<u>4,346,632</u>
Remaining Borrowing Power	\$ <u>1,423,545</u>

**CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER
N.J.S. 40A:2-45**

Cash Receipts from Fees, Rents or Other		
Charges for the Year		\$ 1,180,060
Deductions:		
Operating and Maintenance Cost	\$ 888,798	
Debt Service	<u>139,268</u>	
		<u>1,028,066</u>
Excess in Revenues		\$ <u>151,994</u>

A revised Annual Debt Statement should be filed by the chief Financial Officer.

**BOROUGH OF LAKEHURST
COUNTY OF OCEAN**

PART III

**COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

We have audited the financial statements – statutory basis of the Borough of Lakehurst in the County of Ocean for the year ended December 31, 2015.

Scope of Audit

The audit covered the financial transactions of the Treasurer, 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 Statement 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.

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.

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

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 1, 2015 adopted the following resolutions (15-016 & 15-026) authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, that in accordance with N.J.S. 54:4-67, as amended, the Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500 becoming delinquent after the due date. Effective January 1, 2010 there will be a ten day grace period of quarterly tax payments made by cash, check or money order."

It appears from an examination of the Tax Collector and Water-Sewer Utility Collector's records, that interest was collected in accordance with the foregoing resolution and statutes.

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 November 17, 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	6
2014	7
2013	7

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.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Borough employees.

Municipal Court

A separate report of 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 Township, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

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.”

Follow-Up of Prior Year Findings

In accordance with Government Auditing Standards our procedures included a review of all prior year audit findings. All Findings from the prior year that were corrected in the current year..

Findings/Recommendations

2015-01 Finding - While testing tax and utility receipts, it was noted that nine out of fifty receipts were not deposited within forty-eight (48) hours.

Criteria - In accordance with N.J.S.A. 40A:5-15 all monies shall be deposited with forty-eight (48) hours after receipt.

Recommendation - That procedures be implemented to insure that all funds received are deposited within forty-eight (48) hours.

2015-02 Finding - During our audit of the Township’s Finance Department, we noted the Annual Financial Statement was filed late.

Criteria - State statutes require submission of the Annual Financial Statement by February 10th of the following year. The 2015 Annual Financial Statement was filed on March 24, 2016.

Recommendation - That the Borough timely file its Annual Financial Statement.

Management Response:

The responsible officials agree with the findings and will address the matter as part of their corrective action plan.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

NAME	TITLE
Harry Robbins	Mayor
Steven Oglesby	Council President
Robin Busch	Councilwoman
Stephen Childers	Councilman
James Davis	Councilman
Patricia Hodges	Councilman
Gary Lowe	Councilman
Sean Gertner	Attorney
Bernadette Dugan	Municipal Clerk
Alan Murray	Chief Financial Officer
Marie C. Bell	Tax/Utility Collector & Search Official
Daniel Gatti	Tax Assessor
Damian G. Murray	Magistrate
Patricia Magill	Court Administrator

There were Employee's Blanket Performance Bonds in the amount of \$50,000 for the Township employees and court personnel carried by the Ocean County Joint Insurance Fund and \$950,000 carried by the Municipal Excess Liability Joint Insurance Fund.

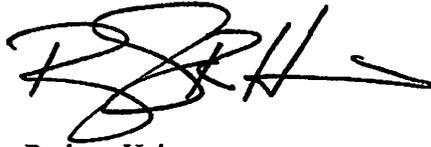
Acknowledgment

We received the complete cooperation of all the Borough Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions or should you desire any assistance, please call me.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Haines', with a stylized flourish at the end.

Rodney Haines
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Toms River, New Jersey
June 29, 2016