

**BOROUGH OF NEPTUNE CITY**

**COUNTY OF MONMOUTH**

**DECEMBER 31, 2014**

**ROBERT A. HULSART AND COMPANY**  
**Certified Public Accountants**

**2807 Hurley Pond Road, Suite 100**  
**P.O. Box 1409**  
**Wall, New Jersey 07719**

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH**

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**BOROUGH OF NEPTUNE CITY**

**COUNTY OF MONMOUTH**

**PART I**

**AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,**

**FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Neptune City  
County of Monmouth  
Neptune City, New Jersey 07753

### Report on the Financial Statements

We have audited the accompanying comparative financial statements - regulatory basis of the various funds and account group of the Borough of Neptune City (the "Borough"), County of Monmouth, State of New Jersey, which comprise the comparative balance sheets as of December 31, 2014 and 2013, and the related comparative statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related comparative statement of revenues - regulatory basis - Statement of Expenditures - regulatory basis of the various funds for the year ended December 31, 2014.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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.

### Auditors Responsibility

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

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

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

As discussed in Note 1 to the financial statements, the Borough prepares 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. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's financial statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 35% and 27% of the assets and liabilities as of December 31, 2014 and 2013, respectively, of the Borough's Trust Fund.

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, County of Monmouth, State of New Jersey, as of December 31, 2014 and 2013 or the results of its operations and changes in fund balance for the years then ended.

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

### **Opinion**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2014 and 2013, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2014 on the basis of accounting described in Note 1.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2015 on our consideration of the Borough's internal control over financial reporting and 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 reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. 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 taken as a whole, on the basis of accounting described in Note 1.

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*Robert A. Hulsart and Company*

**Robert A. Hulsart  
Certified Public Accountant  
Registered Municipal Accountant  
R.M.A. Number 158**

June 30, 2015

CURRENT FUND

COMPARATIVE BALANCE SHEET

Exhibit A  
Sheet 1 of 2

REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
Cash:			
Treasurer	A-4	\$ 2,004,081.14	2,032,855.38
Change Fund		745.00	745.00
Notes Receivable:			
General Capital	C	1,100,000.00	1,004,599.80
		<u>3,104,826.14</u>	<u>3,038,200.18</u>
Receivables With Full Reserves:			
Delinquent Taxes	A-5	641,804.90	391,693.20
Tax Title Liens	A-7	311,872.78	299,608.80
Property Acquired for Taxes	A-8	53,213.00	53,213.00
Revenue Accounts Receivable	A-13	24,583.68	28,582.75
Interfunds:			
Sewer Operating	D	121,048.88	108,647.53
Grant Fund	Contra	60,087.21	
Development and Escrow	B	18,106.24	
Trust Enviromental	B	5,286.82	5,286.82
Capital	C	405,199.79	340,181.37
Payroll Agency	B	45,000.00	45,000.00
Payroll	B	20,000.00	20,000.00
		<u>1,706,203.30</u>	<u>1,292,213.47</u>
Deferred Charges:			
Emergency Per 40A; 4-53	A-3	211,876.10	151,065.96
Total Current		<u>5,022,905.54</u>	<u>4,481,479.61</u>
<b><u>Federal and State Grant Fund</u></b>			
Cash	A-4		19,862.30
Grants Receivable	A-15	433,887.24	372,687.24
Total Federal and State Grant Fund		<u>433,887.24</u>	<u>392,549.54</u>
Total Assets		<u>\$ 5,456,792.78</u>	<u>4,874,029.15</u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****CURRENT FUND****COMPARATIVE BALANCE SHEET**Exhibit A  
Sheet 2 of 2**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3	\$ 403,694.28	245,592.37
Encumbrances	A-3,14		67,591.96
Due State for Veterans and Senior Citizens	A-6	4,006.57	4,256.57
Reserve for Hurricane Sandy	A-9	2,917.78	2,917.78
Reserve for FEMA	A-4		14,189.86
Reserve for Donation		689.47	689.47
Reserve for Revaluation	A-3	26,000.00	
Reserve for Master Plan	A-10	12,100.00	12,100.00
Prepaid Taxes	A-4,5	94,980.12	100,393.73
Added County Taxes	A-12	9,854.38	1,934.94
Due to State-Construction Fees		520.40	520.40
Local School Taxes Payable	A-11	1,474,804.88	1,284,112.38
Interfund Payroll	A-3	47,000.00	47,000.00
Emergency Note Payable	A-4	200,000.00	250,000.00
Total Liabilities		<u>2,276,567.88</u>	<u>2,031,299.46</u>
Reserve for Receivables		1,706,203.30	1,292,213.47
Fund Balance	A-1	1,040,134.36	1,157,966.68
Total Current		<u>5,022,905.54</u>	<u>4,481,479.61</u>
<b><u>Federal and State Grant Fund</u></b>			
Appropriation Reserves	A-16	358,219.31	386,071.60
Interfund Due Current	Contra	60,087.21	
Unappropriated Reserves	A-17	15,580.72	6,477.94
Total Federal and State Grant Fund		<u>433,887.24</u>	<u>392,549.54</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,456,792.78</u>	<u>4,874,029.15</u>

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

**CURRENT FUND**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE**

**IN FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Anticipated	A-2	\$ 275,141.09	320,000.00
Miscellaneous Revenue Anticipated	A-2	1,406,233.13	1,503,693.88
Receipts from Delinquent Taxes	A-2	399,275.95	469,654.33
Receipts from Current Taxes	A-2	11,880,434.11	11,758,123.73
Non-Budget Revenue	A-2	140,342.05	229,456.74
Other Credits to Income:			
Interfunds Liquidated	A		7,676.68
Appropriation Reserves Lapsed	A-14	135,950.37	199,029.77
Budget Appropriations Cancelled	A-3		551.38
		<u>14,237,376.70</u>	<u>14,488,186.51</u>
 <b><u>Expenditures</u></b>			
Budget Appropriations:			
Salaries and Wages	A-3	2,916,975.00	2,902,404.00
Other Expenses	A-3	2,478,484.94	2,213,241.44
Capital Improvements	A-3	30,000.00	76,000.00
Debt Service	A-3	319,599.80	310,000.00
Deferred Charges	A-3	671,027.58	747,494.04
County Taxes	A-12	1,521,894.01	1,550,852.33
Local District School Taxes	A-11	6,101,619.00	5,891,628.00
Added County Taxes	A-12	8,886.20	1,792.06
Interfunds	A	155,613.22	73,136.83
Prior Year Charges	A-12	968.18	142.88
		<u>14,205,067.93</u>	<u>13,766,691.58</u>
 Adjustment to Expenditures which are Charges to Subsequent Years			
	A-3	125,000.00	
Adjusted Expenditures		<u>14,080,067.93</u>	<u>13,766,691.58</u>
 Excess in Revenue			
Fund Balance January 1	A	1,157,966.68	756,471.75
		<u>1,315,275.45</u>	<u>1,477,966.68</u>
 Decreased by:			
Utilized as Anticipated Revenue	A-2	275,141.09	320,000.00
Fund Balance December 31	A	<u>\$ 1,040,134.36</u>	<u>1,157,966.68</u>

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

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 275,141.09	275,141.09	-
<b>Miscellaneous Revenue</b>				
Licenses:				
Alcoholic Beverages	A-13	9,000.00	9,440.00	440.00
Trailer Park	A-13	13,200.00	14,400.00	1,200.00
Fees and Permits	A-13	14,500.00	14,410.00	(90.00)
Municipal Court	A-13	280,000.00	342,212.41	62,212.41
Interest and Costs on Taxes	A-13	55,000.00	75,079.28	20,079.28
Payment in Lieu of Taxes	A-13	55,000.00	60,000.00	5,000.00
Consolidated Municipal Property Tax Relief Aid	A-13	14,545.00	14,545.00	-
Energy Receipts Tax (P.L. 1997 Chapter 162 & 167)	A-13	463,321.00	463,321.00	-
Uniform Construction Code Fees	A-13	70,000.00	91,472.00	21,472.00
Cablevision Franchise Fees	A-13	60,000.00	73,431.69	13,431.69
Click it or Ticket	A-16	4,000.00	4,000.00	-
Certificates of Occupancy	A-18	12,000.00	13,210.00	1,210.00
Fire Prevention Bureau Permits	A-18	8,500.00	5,867.00	(2,633.00)
Body Armor	A-18	2,590.81	2,590.81	-
DDEF	A-18	3,887.13	3,887.13	-
Safe & Secure Communities	A-18	60,000.00	60,000.00	-
Cops in Shops	A-16	1,200.00	1,200.00	-
Utility Operating Surplus	A-13	60,000.00	60,000.00	-
Uniform Fire Safety Act	A-13	10,000.00	9,633.04	(366.96)
FEMA	A-16	49,048.77	49,048.77	-
Community Center Fees	A-16	30,000.00	38,485.00	8,485.00
Total Miscellaneous Revenue	A-1	1,275,792.71	1,406,233.13	130,440.42
Receipts from Delinquent Taxes	A-1	375,000.00	399,275.95	24,275.95
Amount to be Raised by Taxes for Support of the Municipal Budget	A-2	4,838,238.75	4,718,218.85	(120,019.90)
Total General Revenues		6,764,172.55	6,798,869.02	34,696.47
Miscellaneous Revenue Not Anticipated	A-1	-	140,342.05	140,342.05
Total Revenues		\$ 6,764,172.55	6,939,211.07	175,038.52

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit A-2  
Sheet 2 of 2

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Allocation of Current Collections</u>				
Revenue from Collections	A-1		\$ 11,880,434.11	
Less: Allocated to School and County Taxes	A-5		7,632,399.21	
			<u>4,248,034.90</u>	
Add: Reserve for Uncollected Taxes	A-3		470,183.95	
	A-2		<u>\$ 4,718,218.85</u>	
<u>Miscellaneous Revenue Not Anticipated</u>				
Land Use Fees	A-4	\$ 5,900.00		
Rebates	A-4	8,184.00		
Special Police	A-4	14,790.00		
Library Fines	A-4	4,102.60		
Street Openings	A-4	3,000.00		
Senior Citizen/Vet Adm. Fee	A-4	1,170.00		
Rental Fee	A-4	2,000.00		
Duplicate Bills	A-4	585.00		
Workman's Comp	A-4	14,005.70		
Interlocal - Avon/Bradley Beach	A-4	42,000.00		
State DMV	A-4	16,070.50		
Tax Sale Costs	A-4	1,658.00		
Interest	A-4	11,905.75		
Other	A-4	<u>14,970.50</u>		
Total Miscellaneous Revenue Not Anticipated	A-1		<u>\$ 140,342.05</u>	

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>General Government</u></b>					
Administrator's Office					
Salaries and Wages	\$ 55,025.00	55,025.00	51,125.81	3,899.19	
Other Expenses	19,100.00	19,100.00	15,335.63	3,764.37	
Mayor And Council					
Salaries and Wages	37,500.00	37,500.00	35,509.99	1,990.01	
Other Expenses	1,600.00	1,600.00	908.00	692.00	
Municipal Clerk's Office					
Salaries and Wages	24,000.00	26,000.00	25,964.67	35.33	
Other Expenses	3,300.00	3,300.00	1,685.78	1,614.22	
Financial Administration					
Salaries and Wages	23,000.00	23,000.00	20,636.62	2,363.38	
Other Expenses	900.00	900.00	530.00	370.00	
Audit Services					
Other Expenses	11,750.00	11,750.00		11,750.00	
Assessment of Taxes					
Salaries and Wages	25,800.00	25,800.00	21,631.99	4,168.01	
Other Expenses	5,250.00	130,250.00	127,382.93	2,867.07	
Collection of Taxes					
Salaries and Wages	36,825.00	36,825.00	35,144.63	1,680.37	
Other Expenses	10,600.00	10,600.00	5,549.66	5,050.34	
Legal Services and Costs					
Other Expenses	42,000.00	32,000.00	23,086.50	8,913.50	
Municipal Court					
Salaries and Wages	130,500.00	135,500.00	135,347.04	152.96	
Other Expenses	12,550.00	12,550.00	10,535.26	2,014.74	
Public Defender					
Salaries and Wages	1,500.00	2,000.00	1,931.29	68.71	
Other Expenses	300.00	300.00		300.00	
Engineering Services and Costs					
Other Expenses	7,000.00	7,000.00	4,395.00	2,605.00	

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>General Government (Continued)</u></b>					
Land Use Board					
Salaries and Wages	10,800.00	10,800.00	10,509.87	290.13	
Other Expenses	10,750.00	10,750.00	896.63	9,853.37	
Code Enforcement Office					
Salaries and Wages	20,000.00	20,000.00	15,709.78	4,290.22	
Other Expenses	500.00	500.00	472.30	27.70	
Insurance					
General Liability	80,000.00	80,000.00	78,897.00	1,103.00	
Workers Compensation	80,000.00	80,000.00	80,000.00	-	
Employees Group Health	714,114.00	714,114.00	714,114.00	-	
Health Benefit Waiver	16,400.00	16,400.00		16,400.00	
<b><u>Public Safety</u></b>					
Fire					
Other Expenses - Fire Hydrant Service	44,000.00	44,000.00	39,806.80	4,193.20	
Other Expenses - Miscellaneous	21,850.00	21,850.00	14,306.82	7,543.18	
Police					
Salaries and Wages	1,745,500.00	1,745,500.00	1,743,063.77	2,436.23	
Other Expenses	113,750.00	113,750.00	94,884.45	18,865.55	
First Aid Organization					
Other Expenses	1,000.00	1,000.00	1,000.00	-	
Aid to Volunteer Ambulance Company	7,800.00	7,800.00	7,800.00	-	
Fire Prevention Bureau					
Salaries and Wages	13,200.00	13,200.00	13,112.42	87.58	
Other Expenses	1,940.00	1,940.00	1,360.29	579.71	
Emergency Management					
Salaries and Wages	1,800.00	1,800.00	881.28	918.72	
Other Expenses	6,850.00	6,850.00	4,893.65	1,956.35	
Municipal Prosecutor					
Salaries and Wages	32,000.00	32,000.00	29,594.27	2,405.73	
Other Expenses	1,200.00	1,200.00	600.00	600.00	

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>Public Works</u></b>					
Road Repair and Maintenance	470,200.00	470,200.00	468,364.80	1,835.20	
Salaries and Wages	28,520.00	28,520.00	13,559.58	14,960.42	
Other Expenses					
Other Public Works Functions	4,000.00	4,000.00	2,294.94	1,705.06	
Traffic Lights					
Solid Waste Collection					
Salaries and Wages	4,500.00	4,500.00	4,438.51	61.49	
Other Expenses	337,300.00	337,300.00	286,707.09	50,592.91	
Public Buildings and Grounds					
Salaries and Wages	23,700.00	23,700.00	20,600.70	3,099.30	
Other Expenses	44,200.00	44,200.00	36,503.04	7,696.96	
Maintenance of Borough Vehicles					
Other Expenses	46,700.00	46,700.00	45,632.52	1,067.48	
Maintenance of Abandoned Properties					
Other Expenses	900.00	900.00	114.09	785.91	
<b><u>Health and Welfare</u></b>					
Administration of Public Assistance					
Salaries and Wages	17,000.00	17,000.00	16,678.02	321.98	
Other Expenses	325.00	325.00	20.00	305.00	
Animal Control					
Other Expenses	7,000.00	7,000.00	6,145.00	855.00	
<b><u>Recreation and Education:</u></b>					
Board of Recreation					
Other Expenses	1,800.00	1,800.00	300.00	1,500.00	
Parks and Playgrounds					
Other Expenses	9,400.00	9,400.00	6,995.90	2,404.10	

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
<b>Recreation and Education (Continued)</b>					
Community Center	100,000.00	100,000.00	97,099.59	2,900.41	
Salaries and Wages	12,700.00	12,700.00	7,405.37	5,294.63	
Other Expenses	46,000.00	48,500.00	48,440.37	59.63	
Expenses of Participation in Free County Library	3,000.00	3,000.00	2,979.10	20.90	
Salaries and Wages	28,525.00	28,525.00	23,808.96	4,716.04	
Other Expenses	1,250.00	1,250.00	596.50	653.50	
Building Inspector	8,000.00	8,000.00	7,428.32	571.68	
Salaries and Wages	100.00	100.00	50.00	50.00	
Other Expenses	6,400.00	6,400.00	6,031.61	368.39	
Plumbing Inspector	100.00	100.00		100.00	
Salaries and Wages	6,400.00	6,400.00	5,602.62	797.38	
Other Expenses	100.00	100.00		100.00	
Electrical Inspector	8,800.00	8,800.00	7,606.77	1,193.23	
Salaries and Wages	100.00	100.00		100.00	
Other Expenses	80,000.00	80,000.00	32,458.80	47,541.20	
Accumulation of Unused Sick Time	400.00	400.00	400.00		
Interest on Tax Appeals	4,000.00	4,000.00	3,792.30	207.70	
Celebration of Public Events	57,000.00	57,000.00	31,568.14	25,431.86	
Electric	44,000.00	44,000.00	25,863.61	18,136.39	
Street Lighting	24,500.00	24,500.00	24,179.11	320.89	
Telephone	2,600.00	2,600.00	2,005.00	595.00	
Water	23,000.00	23,000.00	14,469.00	8,531.00	
Natural Gas	59,000.00	59,000.00	41,729.73	17,270.27	
Gasoline	2,250.00	2,250.00	98.94	2,151.06	
Landfill/Solid Waste Disposal	4,885,724.00	5,010,724.00	4,660,172.16	350,551.84	
Total Operations Within "CAPS"	3,500.00	3,500.00	3,240.39	259.61	
Contingent	4,889,224.00	5,014,224.00	4,663,412.55	350,811.45	
Total Operations Within "CAPS" Including Contingent					

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014 Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Cancelled</b>
<b><u>Deferred Charges and Statutory Expenditures</u></b>					
<b><u>Municipal Within "CAPS"</u></b>					
Statutory Expenditures:					
Public Employees' Retirement System	115,021.00	115,021.00	115,021.00	-	
Social Security System (O.A.S.I.)	135,000.00	135,000.00	126,944.98	8,055.02	
Police and Firemen's Retirement System of N.J.	359,718.00	359,718.00	359,718.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	609,739.00	609,739.00	601,683.98	8,055.02	-
Total General Appropriations for Municipal Purposes Within "CAPS"	5,498,963.00	5,623,963.00	5,265,096.53	358,866.47	-
<b><u>Operations - Excluded From "CAPS"</u></b>					
Recycling Tax	3,672.00	3,672.00	3,672.00	-	
Group Health Insurance	15,886.00	15,886.00	11,058.19	4,827.81	
Total Other Operations Excluded from "CAPS"	19,558.00	19,558.00	14,730.19	4,827.81	
<b><u>Shared Services Agreements</u></b>					
Township of Neptune 911 System/Police Dispatch	200,000.00	200,000.00	200,000.00	-	
LOSAP	30,000.00	30,000.00		30,000.00	
Total Shared Services Agreement	230,000.00	230,000.00	200,000.00	30,000.00	
<b><u>Public and Private Programs Offset by Revenues</u></b>					
Body Armor	2,590.81	2,590.81	2,590.81	-	
Drunk Driving	3,887.13	3,887.13	3,887.13	-	
Alliance to Prevent Drug And Alcohol Abuse				-	
Click it or Ticket	4,000.00	4,000.00	4,000.00	-	
Cops in Shops	1,200.00	1,200.00	1,200.00	-	
Supplemental Safe and Secure				-	
State Share	60,000.00	60,000.00	60,000.00		
Local Share	60,000.00	60,000.00	60,000.00		
Total Public and Private Programs Offset by Revenues	131,677.94	131,677.94	131,677.94	-	-

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total Operations Excluded from "CAPS"	381,235.94	381,235.94	346,408.13	34,827.81	-
<b><u>Capital Improvements - Excluded From "CAPS"</u></b>					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Fire Safety Equipment	5,000.00	5,000.00		5,000.00	-
Office Equipment	5,000.00	5,000.00		5,000.00	
Total Capital Improvement - Excluded From "CAPS"	30,000.00	30,000.00	20,000.00	10,000.00	-
<b><u>Municipal Debt Service Excluded From "CAPS"</u></b>					
Payment of Bond Anticipation Notes and Capital Notes	304,599.80	304,599.80	304,599.80		2,895.09
Interest on Notes	10,000.00	10,000.00	7,104.91		6.19
Interest on Emergency Note	5,000.00	5,000.00	4,993.81		2,901.28
Total Municipal Debt Service Excluded From "CAPS"	319,599.80	319,599.80	316,698.52	-	
<b><u>Deferred Charges</u></b>					
Special Emergency Appropriations	64,189.86	64,189.86	64,189.86		
Total General Appropriations Excluded from "CAPS"	795,025.60	795,025.60	747,296.51	44,827.81	2,901.28
Subtotal General Appropriation	6,293,988.60	6,418,988.60	6,012,393.04	403,694.28	2,901.28
Reserve for Uncollected Taxes	470,183.95	470,183.95	470,183.95		
Total General Appropriations	\$ 6,764,172.55	6,889,172.55	6,482,576.99	403,694.28	2,901.28
Ref.		A-1		A	A-1
Original Budget		\$ 6,764,172.55			
Added by N.J.S. 40A:4-87		125,000.00			
Modified Budget		\$ 6,889,172.55			

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Paid or Charged</u>	<u>Ref.</u>	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Disbursed	A-4			\$5,816,525.24		
Emergencies	A			64,189.86		
Federal and State Grant Fund	A-16			131,677.94		
Reserve for Uncollected Taxes	A-2			470,183.95		
				<u>\$6,482,576.99</u>		

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

**BALANCE SHEET - TRUST FUND**

**REGULATORY BASIS**

**DECEMBER 31,**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Dog License Fund			
Cash	B-1	\$ 750.26	1,354.41
Other Funds:			
Cash	B-1	468,520.45	595,560.01
Interfund- Sewer Operating		750.00	
		<u>469,270.45</u>	<u>595,560.01</u>
Payroll:			
Cash		97,935.53	87,306.81
Interfund - Sewer Fund	D	7,000.00	7,000.00
Interfund - Current Fund	A	47,000.00	47,000.00
		<u>151,935.53</u>	<u>141,306.81</u>
Length of Service Award Programs - Unaudited:			
Investments		300,435.23	271,483.62
Total Assets		<u>\$ 922,391.47</u>	<u>1,009,704.85</u>
 <b><u>Liabilities and Reserves</u></b>			
Dog License Fund:			
Reserve for:			
Due to State	B-3	\$ 12.60	21.00
Dog Fund Expenditures	B-2	737.66	1,333.41
		<u>750.26</u>	<u>1,354.41</u>
Other Funds:			
Reserve for:			
Unemployment Insurance	B-4	92,322.26	95,147.55
Municipal Alliance	B-5	452.00	510.16
Recreation Commission	B-6	27,493.51	30,828.32
Emergency Management - Hazardous Materials	B-7	5,153.57	2,720.60
Special Trust	B-8	196,052.90	312,439.72
Environmental	B-9	7,096.14	6,960.04
Law Enforcement	B-10	1,994.37	2,625.95
Uniform Fire Safety	B-11	2,179.66	1,625.59
Unused Sick Leave	B-12	4,444.99	4,427.23
Public Defender	B-13	324.00	485.77
Off Duty Employee	B-14	254.52	253.49
Developer's Escrow	B-15	108,109.47	132,248.77
Due to Current	A	23,393.06	5,286.82
		<u>469,270.45</u>	<u>595,560.01</u>
Payroll:			
Interfund - Current Fund	A	65,000.00	65,000.00
Payroll Liabilities		86,935.53	76,306.81
		<u>151,935.53</u>	<u>141,306.81</u>
Length of Service Award Programs - Unaudited:			
Reserve for Length of Service Award Programs		300,435.23	271,483.62
Total Liabilities and Reserves		<u>\$ 922,391.47</u>	<u>1,009,704.85</u>

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

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****GENERAL CAPITAL FUND**

Exhibit C

**COMPARATIVE BALANCE SHEET****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<b><u>Assets</u></b>			
Cash	C-2	\$ 50,576.88	4,382.13
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>2,592,100.48</u>	<u>2,896,700.28</u>
Total Assets		<u>\$ 2,642,677.36</u>	<u>2,901,082.41</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Bond Anticipation Notes	C-5	\$ 1,570,000.00	1,524,599.80
Capital Improvement Fund	C-7	45,550.00	25,550.00
Due to Current Fund	A	405,199.79	340,181.37
Due to Sewer Operating	D-3	20,000.00	20,000.00
Improvement Authorizations:			
Funded	C-6	13,933.81	31,433.81
Unfunded	C-6	573,062.26	944,385.93
Fund Balance	C-1	<u>14,931.50</u>	<u>14,931.50</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,642,677.36</u>	<u>2,901,082.41</u>

There were Bonds and Notes on December 31, 2013 and 2014 respectively authorized but not issued for \$1,372,100.48 and \$1,022,100.48(Exhibit C-8).

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

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

**SCHEDULE OF CAPITAL FUND BALANCE**

**REGULATORY BASIS**

**Exhibit C-1**

	<u>Ref.</u>	
Balance December 31, 2013 and 2014	C	<u>\$ 14,931.50</u>

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

**SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**

**Exhibit D**  
**Page 1 of 2**

**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
<b><u>Assets</u></b>			
<b><u>Sewer Operating</u></b>			
Cash - Checking	D-4	\$ 742,925.85	533,602.39
Interfund Due From General Capital	D-4	20,000.00	20,000.00
Interfund Due From Sewer Capital	Contra	<u>18,693.07</u>	<u>23,326.13</u>
		<u>781,618.92</u>	<u>576,928.52</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	D-6	135,111.22	121,793.18
Sewer Utility Liens		<u>2,525.00</u>	<u>2,525.00</u>
	Contra	<u>137,636.22</u>	<u>124,318.18</u>
Total Sewer Operating		<u>919,255.14</u>	<u>701,246.70</u>
<b><u>Sewer Capital</u></b>			
Cash	D-5	88,417.84	106,590.46
Fixed Capital Authorized & Uncompleted		774,000.00	774,000.00
Fixed Capital	D-8	<u>1,009,754.05</u>	<u>1,009,754.05</u>
Total Sewer Capital		<u>1,872,171.89</u>	<u>1,890,344.51</u>
Total Assets		<u><u>\$ 2,791,427.03</u></u>	<u><u>2,591,591.21</u></u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Sewer Operating</u></b>			
Appropriation Reserves	D-3,4	\$ 277,737.92	126,176.92
Reserve For Encumbrances	D-3,4		175.00
Accrued Interest on Notes	D-4	48.00	82.19
Prepaid Sewer Rents	D-2,4	35,770.37	32,620.48
Interfund Special Trust	B	750.00	
Interfund Payroll	B	7,000.00	7,000.00
Interfund Current	A	<u>121,048.88</u>	<u>108,647.53</u>
		442,355.17	274,702.12
Reserve for Receivables	Contra	137,636.22	124,318.18
Fund Balance	D-1	<u>339,263.75</u>	<u>302,226.40</u>
Total Sewer Operating		<u>919,255.14</u>	<u>701,246.70</u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****SEWER UTILITY FUND****COMPARATIVE BALANCE SHEET****REGULATORY BASIS**Exhibit D  
Page 2 of 2

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<b><u>Liabilities, Reserves and Fund Balance - (Cont'd)</u></b>			
<b><u>Sewer Capital</u></b>			
Capital Improvement Fund	D-9	69,795.75	64,795.75
Bond Anticipation Note Payable	D-10	60,000.00	120,000.00
Interfund Sewer Operating Improvement Authorizations:	Contra	18,693.07	23,326.13
Funded	D-11	9,535.29	28,074.85
Unfunded	D-11	64,481.89	64,481.89
Deferred Reserve for Amortization		617,500.00	557,500.00
Reserve for Amortization		1,009,754.05	1,009,754.05
Fund Balance	D-5	22,411.84	22,411.84
Total Sewer Capital		<u>1,872,171.89</u>	<u>1,890,344.51</u>
Total Liabilities, Reserves and Fund Balances		<u><u>\$ 2,791,427.03</u></u>	<u><u>2,591,591.21</u></u>

Note: There were Bonds and Notes Authorized but Not Issued on December 31, 2014 and 2013 in the amount of \$96,500.00 .

**SEWER UTILITY FUND**

Exhibit D-1

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**

**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	D-2	\$ 40,000.00	43,000.00
Sewer Service Charges	D-2	1,185,414.13	1,212,169.83
Non-Budget Revenue	D-2	17,676.01	17,733.48
Other Credits to Income:			
Budget Appropriations Cancelled	D-3		50,780.19
Appropriation Reserves Lapsed	D-7	46,109.69	48,115.18
		<u>1,289,199.83</u>	<u>1,371,798.68</u>
 <b><u>Expenditures</u></b>			
Budget Appropriations:			
Operating	D-3	1,060,000.00	1,029,800.00
Deferred Charges and Statutory Expenditures	D-3	26,000.00	25,000.00
Capital Improvements	D-3	5,000.00	2,000.00
Debt Service	D-3	61,162.48	62,000.00
		<u>1,152,162.48</u>	<u>1,118,800.00</u>
Excess/(Deficit) in Revenue		137,037.35	252,998.68
Fund Balance January 1	D	<u>302,226.40</u>	<u>162,227.72</u>
Decreased By:			
Utilized By Current Fund Budget	A-2	60,000.00	70,000.00
Utilized By Sewer Operating Budget	D-2	40,000.00	43,000.00
		<u>100,000.00</u>	<u>113,000.00</u>
Fund Balance December 31	D	<u><u>\$ 339,263.75</u></u>	<u><u>302,226.40</u></u>

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

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****SEWER UTILITY FUND****Exhibit D-2****STATEMENT OF REVENUES****FOR THE YEAR ENDED DECEMBER 31, 2014****REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
Surplus Anticipated	D-1	\$ 40,000.00	40,000.00	-
Sewer Charges	D-1	1,113,000.00	1,185,414.13	72,414.13
Total Sewer Utility Revenues		<u>1,153,000.00</u>	<u>1,225,414.13</u>	<u>72,414.13</u>
Miscellaneous Revenue	D-1		17,676.01	
Total Revenues		<u>\$ 1,153,000.00</u>	<u>1,243,090.14</u>	<u>72,414.13</u>
<b><u>Sewer Charges</u></b>				
Cash Received	D-4		\$ 1,152,793.65	
Prepayments Applied	D		<u>32,620.48</u>	
			<u>\$ 1,185,414.13</u>	
<b><u>Miscellaneous Revenue</u></b>				
Interest on Delinquent Rents			\$ 12,681.92	
Interest on Investments			3,358.99	
Other			<u>1,635.10</u>	
	D-2		<u>\$ 17,676.01</u>	

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

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2014

REGULATORY BASIS

	<u>2014 Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 155,000.00	155,000.00	136,167.58	18,832.42	
Other Expenses	905,000.00	905,000.00	651,677.69	253,322.31	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Debt Service:					
Payment on Bond Anticipation Note	60,000.00	60,000.00	60,000.00		
Interest on Notes	2,000.00	2,000.00	1,162.48		837.52
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	10,000.00	10,000.00	10,000.00		
Social Security System	16,000.00	16,000.00	10,416.81	5,583.19	
	<u>\$ 1,153,000.00</u>	<u>1,153,000.00</u>	<u>874,424.56</u>	<u>277,737.92</u>	<u>837.52</u>

**Ref.**

D-1

D

D,D-1

**Ref.**

D-4

Disbursements

\$ 874,424.56

\$ 874,424.56

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

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit E

PUBLIC ASSISTANCE TRUST FUNDS

COMPARATIVE BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<u>Assets</u>			
Cash	E-1	\$ 52,700.38	66,304.71
<u>Liabilities</u>			
Reserve For:			
Public Assistance I		\$ 36,954.02	42,559.87
Prepaid State Fees		15,746.36	23,744.84
		\$ 52,700.38	66,304.71

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

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****GENERAL FIXED ASSETS**

Exhibit F

**COMPARATIVE BALANCE SHEET - REGULATORY BASIS**

	<b>Balance</b> <b><u>Dec. 31, 2014</u></b>	<b>Balance</b> <b><u>Dec. 31, 2013</u></b>
<b><u>Assets</u></b>		
Building and Building Improvements	\$ 4,997,900.00	4,997,900.00
Machinery and Equipment	<u>3,363,778.00</u>	<u>2,940,928.08</u>
Total Assets	<u><u>\$ 8,361,678.00</u></u>	<u><u>7,938,828.08</u></u>
<b><u>Liabilities</u></b>		
Reserve for Fixed Assets	<u><u>\$ 8,361,678.00</u></u>	<u><u>7,938,828.08</u></u>

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

**BOROUGH OF NEPTUNE CITY – COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

**NOTE 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

The financial statements of the Borough of Neptune City, County of Monmouth, 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 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. Description 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 of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds, which differs from the fund structure required by generally accepted accounting principles:

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

**Dog Trust Fund** – dog license revenues and expenditures.

**Trust Other Funds** – sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

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

**Sewer Operating and Capital Funds** – revenue and expenditures necessary to operate a municipally owned sewer supply system from user fees. The Borough only has a sewer system.

**Public Assistance Fund** – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

**Payroll Fund** – receipts and disbursements for payroll costs and payroll taxes.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Description of Funds (Continued)**

**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 State of New Jersey differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant policies in New Jersey follow.

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, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** – unexpended or uncommitted appropriations at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

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

**Deferred Charges** – the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid 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 Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2014 is set forth in Note 11.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Compensated Absences** – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation. (See Note 4).

**Property Acquired for Taxes** – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

**Interfunds** – advances from the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

**General Fixed Assets** – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets 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.

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.

Property and equipment purchased by the 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 Sewer Utility Fund are not depreciated. Principal payments for Sewer Utility Debt are recorded as expenditures in the Sewer Utility Statement of Operations.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

<b>Description</b>	<b>Balance <u>Dec. 31, 2013</u></b>	<b><u>Additions</u></b>	<b>Balance <u>Dec. 31, 2014</u></b>
Buildings and Improvements	\$ 4,997,900.00		4,997,900.00
Machinery and Equipment	<u>2,940,928.08</u>	<u>422,849.92</u>	<u>3,363,778.00</u>
	<u>\$ 7,938,828.08</u>	<u>422,849.92</u>	<u>8,361,678.00</u>

**D. Basic Financial Statements**

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general-purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**E. 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 represents amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

**F. Reporting Entity**

GASB Statement 14 establishes criteria to be used to determine component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

**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 capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

**NOTE 2: Cash and Cash Equivalents (Continued)****A. Deposits (Continued)**

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.

The carrying amount of the Borough's deposits at year-end was \$4,155,596. Of this amount \$250,000 was covered by Federal depository insurance and the remaining \$3,905,596 was covered by a collateral pool maintained by the banks as required by New Jersey statute.

**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. 1997, 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.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2014

**NOTE 2: Cash and Cash Equivalents (Continued)****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 two categories described below:

	<b>Bank Balance</b>	
	<b><u>Dec. 31, 2014</u></b>	<b><u>Dec. 31, 2013</u></b>
<b><u>Depository Account</u></b>		
Insured:		
FDIC	\$ 250,000.00	250,000.00
GUDPA	<u>3,905,596.00</u>	<u>3,705,052.00</u>
	<u>\$ 4,155,596.00</u>	<u>3,955,052.00</u>

**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 and utility 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 of the notes are to be renewed beyond the fourth anniversary date of the original issuance. 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.

**Long-Term Debt** – There was no long-term debt.

**A. Short-Term Debt**

On December 31, 2014, the Borough's outstanding Bond Anticipation Notes were as follows:

<b><u>General Capital Fund</u></b>	<b><u>Interest Rate</u></b>	<b><u>Amount</u></b>
Improvements to Laird Avenue*		\$ 30,000.00
Improvements to Avondale Avenue*		30,000.00
Improvements to Evergreen Avenue*		30,000.00
Improvements to Evergreen Avenue	1.00%	25,000.00
Improvements to Memorial Park*		300,000.00
Improvements to Bennett Avenue		70,000.00
Improvements to Third Avenue		50,000.00
Pickup Truck*		50,000.00
Improvements to Adams Field*		30,000.00
Improvements to Adams Field*		115,000.00
Improvements to Fourth Avenue	1.00%	95,000.00
Communication Equipment*		35,000.00
Communication Equipment*		45,000.00
Communication Equipment*		20,000.00
Improvements to Memorial Park*		95,000.00
Improvements to Memorial Park*		15,000.00
2010 Dump Truck*		75,000.00
Borough Hall Security*		15,000.00
Improvements to Springdale & Oliver*		95,000.00
Purchase of Fire Truck	1.50%	<u>350,000.00</u>
		<u>\$ 1,570,000.00</u>

\* - Items marked are Bond Anticipation Notes held by the Current Fund at 0% Interest

**NOTE 3: Debt (Continued)****A. Short-Term Debt (Continued)**

<u>Sewer Utility Capital Fund</u>	<u>Interest Rate</u>	<u>Amount</u>
Laird Avenue Pump Station	1.00%	<u>\$ 60,000.00</u>

**B. Bonds and Notes Authorized but Not Issued**

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

General Capital Fund	\$ 1,022,100.48
Sewer Utility Capital Fund	<u>96,500.00</u>
	<u>\$ 1,118,600.48</u>

**C. 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, 2014 was 0.530%. The Borough's remaining borrowing power is 2.97%.

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.

**D. Summary of Debt Activity**

During 2014 the following changes occurred in the Borough's outstanding debt:

	<u>Balance Jan. 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2014</u>
General Debt:				
Bond Anticipation Notes	\$ 1,524,599.80	350,000.00	304,599.80	1,570,000.00
Sewer Utility Fund Debt:				
Bond Anticipation Notes	<u>120,000.00</u>	<u>                    </u>	<u>60,000.00</u>	<u>60,000.00</u>
	<u>\$ 1,644,599.80</u>	<u>350,000.00</u>	<u>364,599.80</u>	<u>1,630,000.00</u>

**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 is not available. 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 balance at December 31, 2014, which was appropriated and included as anticipated revenue in the year ending December 31, 2015 as follows:

Current Fund:	
Fund Balance	\$ 270,000.00
Sewer Utility	40,000.00
Sewer Utility in Current	60,000.00

**NOTE 6: Assessment and Collections 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 (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 (Collector) on or before May 13<sup>th</sup>.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. 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 August 1<sup>st</sup> and November 1<sup>st</sup>, and the final payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The N.J. statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of July 1<sup>st</sup> of the current tax year even though the amount due is not known.

**NOTE 7: 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 Statutes Annotated 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 8: Pensions****A. Plan Description**

Employees of the Borough are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost of living adjustments and death benefits to plan members. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, NJ 08625-0295

**Public Employees' Retirement System (PERS)**

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

**Police and Firemen's Retirement System (PFRS)**

The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provision of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**NOTE 8: Pensions (Continued)****Police and Firemen's Retirement System (PFRS) (Continued)**

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions are detailed below.

	<u>PERS</u>	<u>PFRS</u>
2013	\$ 148,855	380,675
2012	164,532	344,770
2014	125,021	359,718

**NOTE 9: Interfunds Receivable and Payable**

The following interfund balances remained on the balance sheet at December 31, 2014:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 674,728.94	47,000.00
General Capital		425,199.79
Sewer Operating Fund	38,693.07	128,798.88
Environmental Commission		5,286.82
Grant Fund		60,087.21
Sewer Capital Fund		18,693.07
Trust	750.00	18,106.24
Payroll	7,000.00	20,000.00
Payroll Agency	<u>47,000.00</u>	<u>45,000.00</u>
Total	<u>\$ 768,172.01</u>	<u>768,172.01</u>

**NOTE 10: Length of Service Award Program**

On November 4, 2003 the voters of the Borough approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this program is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$800 for the fire company and the first aid squad to each eligible volunteer who accumulates a minimum of 80 service points based on criteria established by Borough Ordinance No. 2003-32. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subjected to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

**NOTE 10: Length of Service Award Program (Continued)**

Borough contributions for the year ended December 31, 2014 were \$25,000.00. The Borough's estimated contribution for the year ended December 31, 2015 is \$30,000.00. We did review the plan for the year ended December 31, 2014 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the 2014 audit of the Borough's financial statements.

At December 31, 2014, the value of the plan is \$300,435.23.

**NOTE 11: Deferred Charges to be Raised in Succeeding Budgets**

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014 and 2013 the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>	
Current Fund:				
Special Emergency	<u>\$ 211,876.10</u>	<u>75,000.00</u>	<u>136,876.10</u>	
	<u>Balance Dec. 31, 2013</u>	<u>2014 Emergency Appropriation</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:				
Special Emergency	<u>\$ 151,065.96</u>	<u>125,000.00</u>	<u>64,189.86</u>	<u>211,876.10</u>

The appropriation in the 2015 and 2014 budgets were no less than that required by statute.

**NOTE 12: Contingencies**

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 to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

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. The Borough evaluated all events or transactions that occurred after December 31, 2014 through June 30, 2015

**NOTE 13: Subsequent Events**

On October 29, 2012 Hurricane Sandy struck the New Jersey coast and caused extensive damage to many communities among which included the Borough of Neptune City. It is anticipated that although the amount of the reimbursement from FEMA is not yet known that the majority of the claimed costs will be reimbursed. Any unreimbursed costs will not be material and do not present a problem with the "going concern concept".

**BOROUGH OF NEPTUNE CITY**

**COUNTY OF MONMOUTH**

**PART II**

**SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2014**

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Collection</u>
2014	\$ 12,534,502.99	11,880,434.11	94.78%
2013	12,161,788.51	11,758,123.73	96.68%
2012	11,932,157.10	11,437,603.43	95.85%

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage of the total 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>
2014	\$311,872.78	641,804.90	953,677.68	7.60%
2013	299,608.80	391,693.20	691,302.00	5.68%
2012	287,731.89	467,719.41	755,451.30	4.49%

**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, was as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 53,213.00
2013	53,213.00
2012	53,213.00

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$2.887	2.80	2.74
<u>Apportionment of Tax Rate</u>			
Municipal	\$1.120	1.08	1.05
County	0.357	0.36	0.37
Local School	1.410	1.36	1.32
<u>Assessed Valuations</u>			
2014	\$ 431,665,800		
2013		\$ 434,732,400	
2012			\$ 434,764,136

**COMPARISON OF CURRENT FUND AND SEWER UTILITY OPERATING FUND BALANCES**

<u>Year</u>	<u>Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Sewer Utility Operating Fund</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Utilized in Current Budget of Succeeding Year</u>
2014	\$ 1,040,134.36	270,000.00	339,263.75	40,000.00	60,000.00
2013	1,157,966.68	310,000.00	302,226.40	40,000.00	60,000.00
2012	756,472.00	370,000.00	162,228.00	43,000.00	70,000.00

**SUMMARY OF MUNICIPAL DEBT**

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<b><u>Issued and Outstanding</u></b>			
General			
Notes	\$ 1,570,000.00	1,524,599.80	1,479,600.00
Sewer Utility			
Notes	60,000.00	120,000.00	130,000.00
Net Debt Issued	<u>1,630,000.00</u>	<u>1,644,599.80</u>	<u>1,609,600.00</u>
<b><u>Authorized But Not Issued</u></b>			
General			
Bonds and Notes	1,022,100.48	1,372,100.48	1,582,569.00
Sewer Utility			
Bonds and Notes	96,500.00	96,500.00	96,500.00
Total Authorized But Not Issued	<u>1,118,600.48</u>	<u>1,468,600.48</u>	<u>1,679,069.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,748,600.48</u>	<u>3,113,200.28</u>	<u>3,288,669.00</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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,760,000.00	6,760,000.00	
Sewer Utility Debt	156,500.00	156,500.00	
General Debt	<u>2,592,100.48</u>		<u>2,592,100.48</u>
	<u>\$ 9,508,600.48</u>	<u>6,916,500.00</u>	<u>2,592,100.48</u>

Net Debt \$2,592,100.48 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-6 as amended \$488,950,072.33 = 0.53%.

**Borrowing Power Under N.J.S.A. 40A:2-6**

3.5% of Equalized Valuation Basis (Municipal)	\$ 17,113,252.53
Net Debt	<u>2,592,100.48</u>
Remaining Borrowing Power	<u>\$ 14,521,152.05</u>

**Calculation of "Self-Liquidating Purpose Sewer Utility Fund" Per N.J.S. 40A:2-45**

Cash Receipts from Fees or Other Charges for Year and Fund Balance	\$ 1,199,731.15
Deductions:	
Operating	\$ 1,086,000.00
Debt Service	<u>61,162.48</u>
Total Deductions	<u>1,147,162.48</u>
Excess in Revenue-Self Liquidating	<u>\$ 52,568.67</u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****LIST OF OFFICIALS AND SURETY BOND COVERAGE****DECEMBER 31, 2014**

The following officials were in office during the period under review:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Robert Brown	Mayor	
Richard Pryor	Member of Council	
Joseph Zajack	Member of Council	
Barbara Shafer	Member of Council	
Lawrence Cross	Member of Council	
Susan Mitchell	Member of Council	
John L. More	Member of Council	
Mary Sapp	Administrator, Borough Clerk, Treasurer and Tax Collector	\$ 1,000,000.00
William Folk	Chief Financial Officer and Purchasing Agent	
Tamara Brown	Deputy Clerk and Deputy Treasurer	
Richard Thompson	Municipal Court Judge	
Kelly Barrett	Municipal Court Clerk	
Matt Shafai	Engineer	
Mark Aikins	Attorney	
William Doolittle	Construction Official, Zoning Official, Building Sub-Code Official and Fire Sub-Code Inspector	
Jerry Applegate	Housing Officer, Building Sub-Code Official and Fire Sub-Code Inspector	
Robert Reynolds, Sr.	Code Enforcement Officer	
William Fitzpatrick	Assessor	

The above bond was provided by the Monmouth County Municipal Joint Insurance Fund.

There was a Public Employees' Blanket Bond insurance policy in effect for the period under audit, in the amount of \$50,000.00. Coverage was supplied by the Monmouth County Joint Insurance Fund.

All of the bonds were examined and properly executed.

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	Ref.	Current Fund	State and Federal Grant Fund
Balance December 31, 2013	A	\$ 2,032,855.38	19,862.30
Increased by:			
Property Taxes	A-5	12,120,566.33	
Prepaid Taxes	A	94,980.12	
State of New Jersey Veterans and Senior Citizens	A-6	58,500.00	
Revenue Accounts Receivable	A-13	1,334,865.19	
Federal and State Grants Receivable	A-15		64,000.00
Federal and State Grants Unappropriated	A-17		15,580.72
Miscellaneous Revenue Not Anticipated	A-2	140,342.05	
FEMA Reimbursement	A-9	14,738.77	
Interfunds			
Current Fund	Contra	13,763,992.46	60,087.21
		15,796,847.84	139,667.93
			159,530.23
Decreased by:			
Budget Appropriations	A-3	5,816,525.24	
Appropriation Reserves	A-14	177,233.96	
Federal and State Grants	A-16		159,530.23
Local District School Taxes	A-11	5,910,926.50	
County Taxes Payable	A-12	1,523,828.95	
Capital Notes	A	95,400.20	
Emergency Note	A	50,000.00	
Hurricane Sandy	A,A-13	63,238.63	
Interfunds:			
Capital	A	65,018.42	
Trust Escrow	A	18,106.24	
Grants	Contra	60,087.21	
Sewer Operating	D	12,401.35	
		13,792,766.70	159,530.23
Balance December 31, 2014	A	\$ 2,004,081.14	-

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2013	Added Taxes	Tax Levy	Cash		Veterans and Senior Citizens	Transfer To Liens	Balance Dec. 31, 2014	
Prior Years 2014	\$ 391,693.20	7,582.75	12,534,502.99	2013	2014	58,750.00	12,263.98	641,804.90	
	\$ 391,693.20	7,582.75	12,534,502.99	100,393.73	12,120,566.33	58,750.00	12,263.98	641,804.90	
				A	A-4	A-6	A-7		A

Analysis of Property Tax Levy

Fiscal Year Tax Levy  
Added and Omitted Taxes

\$ 12,461,827.56  
72,675.43  
\$ 12,534,502.99

Tax Levy

Local District School Tax  
General County Tax  
County Library Tax  
County Health Tax  
Open Space Preservation  
Added Taxes Due County

A-11  
1,337,351.33  
85,215.17  
26,404.12  
72,923.39  
8,886.20  
1,530,780.21

Amount to be Raised in Support of Municipal Budget  
Added Taxes

A-2  
4,838,238.75  
63,865.03  
4,902,103.78  
\$ 12,534,502.99

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-6

SCHEDULE OF SENIOR CITIZEN AND VETERANSDEDUCTIONS DUE FROM STATE OF NEW JERSEY

Balance December 31, 2013 (Due To State)	<u>Ref.</u> A	\$ 4,256.57
Increased by:		
Veterans Per Tax Billings		\$ 49,250.00
Senior Citizens Per Tax Billings		8,750.00
		<u>58,000.00</u>
Senior Citizens and Veterans Allowed by the Collector		1,000.00
Less Senior Citizens Deductions Disallowed By the Tax Collector		<u>250.00</u>
	A-5	<u>58,750.00</u> <u>(54,493.43)</u>
Decreased by:		
Received from State	A-4	<u>58,500.00</u>
Balance December 31, 2014 (Due to State)	A	<u>\$ 4,006.57</u>

SCHEDULE OF TAX TITLE LIENS

Exhibit A-7

Balance December 31, 2013	<u>Ref.</u> A	\$ 299,608.80
Increased By:		
Transferred From Taxes Receivable	A-5	<u>12,263.98</u>
Balance December 31, 2014	A	<u>\$ 311,872.78</u>

CURRENT FUND

Exhibit A-8

SCHEDULE OF FORECLOSED PROPERTY

Balance Dec. 31, 2013 and 2014	<u>Ref.</u> A	<u>\$ 53,213.00</u>
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RESERVE FOR HURRICANE SANDY

Exhibit A-9

Balance Dec. 31, 2013 and 2014	<u>Ref.</u> A	<u>\$ 2,917.78</u>
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SCHEDULE OF RESERVE FOR MASTER PLAN

Exhibit A-10

Balance Dec. 31, 2013 and 2014	<u>Ref.</u> A	<u>\$ 12,100.00</u>
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BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-11

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES

	<u>Ref.</u>		
Balance Payable Dec. 31, 2013	A		\$ 2,959,112.38
School Tax Deferred		\$ 1,675,000.00	
School Tax Payable	A	<u>1,284,112.38</u>	
Levy School Year:			
Dec. 31, 2013 to Dec. 31, 2014	A-1		<u>6,101,619.00</u>
			9,060,731.38
Decreased by:			
Paid	A-4		<u>5,910,926.50</u>
School Tax Deferred		1,675,000.00	
School Tax Payable	A	<u>1,474,804.88</u>	
Balance December 31, 2014			<u><u>\$ 3,149,804.88</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

Exhibit A-12

	<u>Ref.</u>		
Balance December 31, 2013			
Due County For Added Taxes	A		\$ 1,934.94
Additional 2013 County Added Taxes	A-1		<u>968.18</u>
			2,903.12
County Tax Levy:			
General County		\$ 1,337,351.33	
County Library		85,215.17	
County Health		26,404.12	
County Open Space Preservation		72,923.39	
Due County for Added Taxes		<u>8,886.20</u>	
	A-1		<u>1,530,780.21</u>
			1,533,683.33
Decreased by:			
Paid	A-4		<u>1,523,828.95</u>
Balance December 31, 2014	A		<u><u>\$ 9,854.38</u></u>

**CURRENT FUND**

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Ref.</u>	<u>Balance Dec 31, 2013</u>	<u>Accrued</u>	<u>Receipts</u>	<u>Balance Dec 31, 2014</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	9,440.00	9,440.00	
Trailer Park Licenses	A-2		14,400.00	14,400.00	
Fees and Permits	A-2		14,410.00	14,410.00	
Municipal Court	A-2	28,582.75	338,213.34	342,212.41	24,583.68
Interest and Costs on Taxes	A-2		75,079.28	75,079.28	
Payment in Lieu of Taxes	A-2		60,000.00	60,000.00	
Cable Franchise Fees	A-2		73,741.69	73,741.69	
Energy Receipts Tax	A-2		463,321.00	463,321.00	
Consolidated Municipal Property Tax Relief Aid	A-2		14,545.00	14,545.00	
Certificates of Occupancy	A-2		13,210.00	13,210.00	
Fire Prevention Bureau-Permits	A-2		5,867.00	5,867.00	
Community Center Fees	A-2		38,485.00	38,485.00	
Uniform Construction Code Fees	A-2		91,472.00	91,472.00	
Utility Operating Surplus	A-2		60,000.00	60,000.00	
FEMA			49,048.77	49,048.77	
Uniform Fire Safety Act	A-2		9,633.04	9,633.04	
Total Revenue		\$ 28,582.75	1,330,866.12	1,334,865.19	24,583.68
Ref.		A		A-2	A

**CURRENT FUND**

**Exhibit A-14**

**SCHEDULE OF APPROPRIATION RESERVES**

	<u>Ref.</u>		
Balance Dec. 31, 2013	A		\$ 245,592.37
Increased By:			
Encumbrances	A		<u>67,591.96</u>
			313,184.33
Decreased by:			
Disbursed	A-4	\$ 177,233.96	
Balance Lapsed	A-1	<u>135,950.37</u>	
			<u><u>\$ 313,184.33</u></u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

Exhibit A-15

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF GRANTS RECEIVABLE**

<b>Purpose</b>	<b>Balance</b>	<b>2014</b>	<b>Balance</b>
	<b>Dec. 31, 2013</b>	<b>Budget Revenue Realized</b>	<b>Dec. 31, 2014</b>
Safe & Secure Communities-P.L. 1994, Ch. 220	\$ 120,000.00	120,000.00	180,000.00
Emergency Mgmt Performance Grant	12,000.00		12,000.00
Hazardous Discharge Remediation Site	173,584.00		173,584.00
Smart Future Hwy 35	39,570.00		39,570.00
Pedestrian (Cops in Crosswalks)	7,547.00		7,547.00
Click it or Ticket		4,000.00	
Cops in Shops		1,200.00	1,200.00
Drug Alliance	19,986.24		19,986.24
	<u>\$ 372,687.24</u>	<u>125,200.00</u>	<u>433,887.24</u>

<b>Ref.</b>	A	A-3	A-4	A
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FEDERAL AND STATE GRANT FUND

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2013</u>	<u>Transfer From 2014 Budget</u>	<u>Expended</u>	<u>Balance Dec. 31, 2014</u>
<u>Grant</u>	\$ 28,900.85			28,900.85
Drug Alliance	14,083.52		399.40	13,684.12
Clean Communities	77,557.24	120,000.00	148,704.06	48,853.18
Safe & Secure	3,138.85	2,590.81	759.95	4,969.71
Police Body Armor	10,586.00			10,586.00
Municipal Storm Water Grant	38,108.12			38,108.12
Smart Growth	162,487.74			162,487.74
Hazardous Discharge	17,998.07			17,998.07
Smart Future Planning	9,400.00			9,400.00
Drive Sober or Get Pulled Over	2,546.63			2,546.63
Emergency Management Pass Through	1,693.18			1,693.18
Alcohol Ed. And Rehabilitation		4,000.00	4,000.00	
Click it or Ticket	10,797.00			10,797.00
Cops in Crosswalks	1,600.00	1,200.00		2,800.00
Cops in Shops	7,174.40	3,887.13	5,666.82	5,394.71
Drunk Driving Enforcement Fund				
	<u>\$ 386,071.60</u>	<u>131,677.94</u>	<u>159,530.23</u>	<u>358,219.31</u>

Ref. A A-3 A-4 A

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Transferred To</u> <u>2014</u> <u>Appropriations</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Police Body Armor	\$ 2,590.81	2,590.81	1,933.97	1,933.97
DWI	3,887.13	3,887.13	3,075.70	3,075.70
Cops and Shops			1,600.00	1,600.00
Clean Communities			8,971.05	8,971.05
	<u>\$ 6,477.94</u>	<u>6,477.94</u>	<u>15,580.72</u>	<u>15,580.72</u>
Ref.	A	A-16	A-4	A

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit B-1

TRUST FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2013	B	\$ 1,354.41	595,560.01
Increased by Receipts:			
Dog Receipts	B-2	7,191.40	
State Registration Fees	B-3	867.60	
Interfund - Current	A	6.85	18,106.24
Unemployment Insurance	B-4		7,843.38
Municipal Alliance	B-5		1.84
Recreation Commission	B-6		49,341.99
Emergency Management	B-7		2,760.97
Special Trust	B-8		1,713,104.27
Environmental	B-9		12,092.17
Law Enforcement	B-10		731.62
Uniform Fire Safety	B-11		554.07
Unused Sick Leave	B-12		17.76
Public Defender	B-13		4,897.12
Developer's Escrow	B-15		30,408.47
Off Duty Employment	B-14		1.03
		<u>8,065.85</u>	<u>1,839,860.93</u>
		9,420.26	2,435,420.94
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15-11	B-2	7,794.00	
State Registration Fees	B-3	876.00	
Unemployment Insurance	B-4		10,668.67
Municipal Alliance	B-5		60.00
Recreation Commission	B-6		52,676.80
Emergency Management	B-7		328.00
Special Trust	B-8		1,830,241.09
Environmental	B-9		11,956.07
Law Enforcement	B-10		1,363.20
Public Defender	B-13		5,058.89
Developer's Escrow	B-15		54,547.77
		<u>8,670.00</u>	<u>1,966,900.49</u>
Balance December 31, 2014	B	\$ 750.26	468,520.45

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES****Exhibit B-2**

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 1,333.41
Increased by Receipts:		
Receipts	B-1	7,198.25
		<u>8,531.66</u>
Decreased by:		
Expenditures Under R.S.4:19-15.1	B-1	7,794.00
		<u>7,794.00</u>
Balance December 31, 2014	B	<u>\$ 737.66</u>

**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES****DUE TO/(FROM) STATE OF NEW JERSEY****Exhibit B-3**

	<u>Ref.</u>	
Balance December 31, 2013 - Due to	B	\$ 21.00
Increased by:		
Dog License Fees Collected	B-1	867.60
		<u>888.60</u>
Decreased by:		
State Registration Fees Paid	B-1	876.00
		<u>876.00</u>
Balance December 31, 2014 - Due to	B	<u>\$ 12.60</u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTHSCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE

Exhibit B-4

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 95,147.55
Increased by:		
Receipts	B-1	7,843.38
		<u>102,990.93</u>
Decreased by:		
State Billings	B-1	10,668.67
		<u>10,668.67</u>
Balance December 31, 2014	B	<u>\$ 92,322.26</u>

SCHEDULE OF RESERVE FOR MUNICIPAL ALLIANCE

Exhibit B-5

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 510.16
Increased by:		
Receipts	B-1	1.84
		<u>512.00</u>
Decreased by:		
Disbursed	B-1	60.00
		<u>60.00</u>
Balance December 31, 2014	B	<u>\$ 452.00</u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTHTRUST FUND

Exhibit B-6

SCHEDULE OF RESERVE FOR RECREATION COMMISSIONERS

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 30,828.32
Increased by:		
Receipts	B-1	49,341.99
		<u>80,170.31</u>
Decreased by:		
Disbursements	B-1	52,676.80
		<u>52,676.80</u>
Balance December 31, 2014	B	<u>\$ 27,493.51</u>

SCHEDULE OF RESERVE FOR EMERGENCY MANAGEMENT -HAZARDOUS MATERIALS

Exhibit B-7

	<u>Ref.</u>	
Balance December 31, 2013	B	\$ 2,720.60
Increased by:		
Receipts	B-1	2,760.97
		<u>5,481.57</u>
Decreased by:		
Disbursements	B-1	328.00
		<u>328.00</u>
Balance December 31, 2014	B	<u>\$ 5,153.57</u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

Exhibit B-8

**TRUST FUND**

**SCHEDULE OF RESERVES FOR SPECIAL TRUST**

Balance December 31, 2013	<u>Ref.</u> B		\$ 312,439.72
Increased by:			
Receipts	B-1	1,713,104.27	
Interfund Sewer Operating		<u>750.00</u>	
			<u>1,713,854.27</u>
			2,026,293.99
Decreased by:			
Disbursed	B-1		<u>1,830,241.09</u>
Balance December 31, 2014	B		<u><u>\$ 196,052.90</u></u>

**SCHEDULE OF RESERVE FOR ENVIRONMENTAL**

Exhibit B-9

Balance December 31, 2013	<u>Ref.</u> B		\$ 6,960.04
Increased by:			
Receipts	B-1		<u>12,092.17</u>
			19,052.21
Decreased by:			
Disbursed	B-1		<u>11,956.07</u>
Balance December 31, 2014	B		<u><u>\$ 7,096.14</u></u>

**TRUST FUND**

**SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST**

	<b><u>Ref.</u></b>	
Balance December 31, 2013	B	\$ 2,625.95
Increased by:		
Receipts	B-1	<u>731.62</u>
		3,357.57
Decreased by:		
Disbursements	B-1	<u>1,363.20</u>
Balance December 31, 2014	B	<u>\$ 1,994.37</u>

**SCHEDULE OF RESERVE FOR UNIFORM FIRE SAFETY**

**Exhibit B-11**

	<b><u>Ref.</u></b>	
Balance December 31, 2013	B	\$ 1,625.59
Increased by:		
Receipts	B-1	<u>554.07</u>
Balance December 31, 2014	B	<u>\$ 2,179.66</u>

**SCHEDULE OF RESERVE FOR UNUSED SICK LEAVE**

**Exhibit B-12**

	<b><u>Ref.</u></b>	
Balance December 31, 2013	B	\$ 4,427.23
Increased by:		
Receipts	B-1	<u>17.76</u>
Balance December 31, 2014	B	<u>\$ 4,444.99</u>

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER**

**Exhibit B-13**

	<b><u>Ref.</u></b>	
Balance December 31, 2013	B	\$ 485.77
Increased by:		
Receipts	B-1	<u>4,897.12</u>
		5,382.89
Decreased by:		
Disbursements	B-1	<u>5,058.89</u>
Balance December 31, 2014	B	<u>\$ 324.00</u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-14

SCHEDULE OF RESERVES FOR OFF DUTY EMPLOYMENT

Balance December 31, 2013	<u>Ref.</u> B	\$ 253.49
Increased by:		
Receipts	B-1	<u>1.03</u>
Balance December 31, 2014	B	<u><u>\$ 254.52</u></u>

SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW

Exhibit B-15

Balance December 31, 2013	<u>Ref.</u> B	\$ 132,248.77
Increased by:		
Receipts	B-1	<u>30,408.47</u> <u>162,657.24</u>
Decreased by:		
Disbursements	B-1	<u>54,547.77</u>
Balance December 31, 2014	B	<u><u>\$ 108,109.47</u></u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTHGENERAL CAPITAL FUNDSCHEDULE OF CAPITAL CASH

Exhibit C-2

Balance December 31, 2013	<u>Ref.</u> C		\$ 4,382.13
Increased by:			
Interfund Current	C-3	\$ 65,018.42	
Bond Anticipation Notes	C-5	350,000.00	
Capital Improvement Fund	C	<u>20,000.00</u>	
			<u>435,018.42</u>
			439,400.55
Decreased By:			
Improvement Authorizations	C-6		<u>388,823.67</u>
Balance December 31, 2014	C		<u><u>\$ 50,576.88</u></u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

Exhibit C-3

**GENERAL CAPITAL FUND**

**ANALYSIS OF CASH**

	Balance Dec. 31, 2013	Receipts	Disbursements	From	Transfers	To	Balance Dec. 31, 2014
Fund Balance	\$ 14,931.50						14,931.50
Capital Improvement Fund	25,550.00	20,000.00					45,550.00
Interfund Current	340,181.37	65,018.42					405,199.79
Interfund Sewer Operating	20,000.00						20,000.00
Improvement Authorizations:							
Renovations to Municipal Building	13,865.34						13,865.34
Improvements to Oliver Drive	68.47						68.47
2000 Fire Vehicle	(225.00)						(225.00)
Police Dispatch Equipment	(4,777.95)						(4,777.95)
Leaf Collector	(225.00)						(225.00)
Pedestrian Corridor - Sylvania Ave.	(18,352.30)						(18,352.30)
2003 Road Improvements - Laurel, Woodland	(4,511.39)						(4,511.39)
Video Conferencing Equipment	(8,823.24)						(8,823.24)
Dump Truck	(891.88)						(891.88)
Road Improvements - Laird, Holly	(6,520.62)						(6,520.62)
Improvements - Avondale Ave.	(4,421.88)						(4,421.88)
Communications Equipment	(426.45)						(426.45)
Improvements Ridge Ave & McAneny	(704.25)						(704.25)
Front End Loader	(20,153.13)						(20,153.13)
Evergreen Ave.	(4,256.24)						(4,256.24)
Telephone System	(20,813.26)						(20,813.26)
Street Sweeper	(3,500.00)						(3,500.00)
Bennett Ave.	(47,706.79)						(47,706.79)
Third St.	7,574.28						7,574.28
Improvements to Adams Field	(1,900.20)						(1,900.20)
Fourth Ave.	(14,990.30)						(14,990.30)
Fifth Ave.	(3,761.30)		14,330.00				(18,091.30)
2008 Leaf Collector	(30,295.00)						(30,295.00)
Improvements to East End & Sylvania Ave.	(35,071.60)						(35,071.60)
Fifth Avenue - Phase II	(18,556.00)						(18,556.00)
Improvements to Adams Field	32,383.23						32,383.23
Video Equipment	(22,893.60)						(22,893.60)
Underground Fuel System	(37,888.15)						(37,888.15)
Dump Truck	(7,030.38)						(7,030.38)
Improvements to Memorial Park	(27,483.49)		59,346.25				(86,829.74)
Improvements to Community Center	(30,203.00)						(30,203.00)
Improvements to Springdale & Oliver	1,044.20						1,044.20
Borough Hall Security	(8,323.00)						(8,323.00)
Fire Truck	(886.05)						(886.05)
Pick Up Truck	(50,885.60)	50,000.00					(8,885.60)
Improvements to Pedestrian Corridor	(32,239.21)						(32,239.21)
Improvements to Memorial Bulkhead	17,500.00	300,000.00	312,478.32				5,021.68
	\$ 4,382.13	435,018.42	388,823.67				50,576.88

Ref.

C

C-2

C-2

C

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4  
Page 1 of 2

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Analysis of Balance December 31, 2014

<u>Date</u>	<u>Description</u>	<u>Balance</u>		<u>Notes Payable</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
		<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>			
		\$ 10,862.87	10,862.87			10,862.87
12/3/1994	Fire Pumper Truck					
4/8/1996	Road Improvements	6,566.36	6,566.36			6,566.36
3/9/2008	Dump Truck	1,322.17	1,322.17			1,322.17
4/27/1998	Improvements Oliver Drive	4,500.00	4,500.00			4,500.00
12/28/1998	Improvements to Wall Rd	1,450.00	1,450.00			1,450.00
4/10/2000	2000 Fire Vehicle	985.50	985.50		225.00	760.50
6/26/2000	Improvements to Riverdale & Locust	210,230.67	210,230.67			210,230.67
8/28/2010	Police Equipment	105,000.00	100,000.00	100,000.00		
8/28/2000	Leaf Collector	2,568.24	2,568.24		225.00	2,343.24
12/11/2010	Pedestrian Corridor Sylvania Ave.	18,978.30	18,978.30		18,352.30	626.00
5/9/2001	2001 Road Improvements	7,071.20	7,071.20			7,071.20
11/12/2001	Improvements to Firehouse	20,211.24	211.24			211.24
4/8/2002	Improvements to Ridge/Laurel Ave.	4,862.97	4,862.97		4,511.39	351.58
7/8/2002	Video Conferencing Center	14,250.00	14,250.00		8,823.24	5,426.76
9/9/2002	Dump Truck	37,500.00	2,500.00		891.88	1,608.12
12/23/2002	Improvements to Laird Ave.	52,000.00	37,000.00	30,000.00	6,520.62	479.38
12/23/2002	Avondale Ave.	79,850.00	64,850.00	30,000.00	4,421.88	30,428.12
3/8/2004	Communications Equipment	20,500.00	5,500.00		5,426.45	73.55
5/10/2004	Improvements to Ridge Ave & McAneny St.	27,439.00	12,439.00		704.65	11,734.35
5/10/2004	Front End Loader	73,500.00	43,500.00		20,153.13	23,346.87
4/11/2005	Improvements to Evergreen Ave.	84,350.00	64,350.00	55,000.00	4,256.24	5,093.76
6/15/2005	Telephone Equipment	20,900.00	20,900.00		20,813.26	86.74
6/15/2005	Street Sweeper	38,500.00	3,500.00		3,500.00	
11/14/2005	Improvements to Bennett St.	133,100.00	118,100.00	70,000.00	47,706.79	393.21
7/24/2006	Improvements to Third Ave.	85,687.00	70,687.00	50,000.00		20,687.00
7/24/2006	Improvements to Adams Field	171,500.00	146,900.20	145,000.00	1,900.20	
2/26/2007	Improvements to Fourth Ave.	125,883.76	115,883.76	95,000.00	14,990.30	5,893.46
4/11/2008	Improvements to Fifth Ave.	55,100.00	55,100.00		3,761.30	51,338.70

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4  
Page 2 of 2

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Date	Description	Balance		Decreased	Balance		Notes Payable	Expenditures	Unexpended Improvement Authorizations
		Dec. 31, 2013	Dec. 31, 2014		Dec. 31, 2013	Dec. 31, 2014			
6/23/2008	2008 Leaf Collector	31,350.00	31,350.00		31,350.00			30,295.00	1,055.00
4/28/2008	Improvements to East End & Sylvania	37,536.00	37,536.00		37,536.00			35,071.60	2,464.40
3/9/2009	Fifth Ave Phase 11	18,556.00	18,556.00		18,556.00			18,556.00	
4/13/2009	Improvements to Adams Field	17,500.00	17,500.00		17,500.00			22,893.60	17,500.00
10/26/2009	Video Equipment	25,175.00	25,175.00		25,175.00			37,888.15	2,281.40
10/26/2009	Underground Fuel System	38,000.00	38,000.00		38,000.00			7,030.38	111.85
10/26/2009	Dump Truck	94,750.00	84,750.00	10,000.00	84,750.00		75,000.00	27,483.49	2,719.62
7/12/2010	Memorial Park	241,525.00	226,525.00	15,000.00	226,525.00		110,000.00	30,203.00	89,041.51
7/26/2010	Community Center	30,203.00	30,203.00		30,203.00				
5/23/2011	Improvements to Springdale & Oliver	128,655.00	123,655.00	5,000.00	123,655.00		95,000.00	8,323.00	28,655.00
2/28/2011	Borough Hall Security	38,000.00	33,000.00	5,000.00	33,000.00		15,000.00		9,677.00
6/25/2012	2012 Fire Truck	356,250.00	356,250.00		356,250.00		350,000.00	886.05	5,363.95
7/11/2012	Pick Up Truck	57,000.00	57,000.00		57,000.00		50,000.00	885.60	6,114.40
8/27/2012	Pedestrian Corridor Sylvania Ave.	35,031.00	35,031.00		35,031.00		300,000.00	32,239.21	2,791.79
11/1/2013	Improvements to Memorial Park Bulkhead	332,500.00	332,500.00		332,500.00				32,500.00
		<u>\$ 2,896,700.28</u>	<u>2,592,100.48</u>	<u>304,599.80</u>	<u>2,592,100.48</u>		<u>1,570,000.00</u>	<u>418,938.71</u>	<u>603,161.77</u>
	Ref.	C	C	C-3	C		C-5		C-6

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**  
**SCHEDULE OF BOND ANTICIPATION NOTES**

	Original Amount Issued	Original Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Notes Issued	Paid	Balance Dec. 31, 2014
Street Sweeper	120,000.00	7/13/05	7/7/14	1.50%	35,000.00		35,000.00	-
Front End Loader	80,000.00	12/27/05	12/19/14		30,000.00		30,000.00	-
Impvts to Laird Ave.	100,000.00	12/27/05	12/5/14		45,000.00		15,000.00	30,000.00
Impvts to Avondale Ave.	100,000.00	12/27/05	12/5/14		45,000.00		15,000.00	30,000.00
Impvts to Evergreen Ave.	100,000.00	12/27/05	12/5/14		45,000.00		15,000.00	30,000.00
Impvts to Evergreen Ave.	55,000.00	12/10/08	12/6/14	0.95%	30,000.00		5,000.00	25,000.00
Impvts to Firehouse	47,000.00	12/10/06	11/13/14		20,000.00		20,000.00	-
Impvts to Ridge Ave.	36,000.00	10/12/07	10/4/14		15,000.00		15,000.00	-
Impvts to Bennett Ave	120,000.00	10/12/07	10/4/14		85,000.00		15,000.00	70,000.00
Impvts to Third Ave.	100,000.00	10/12/07	10/4/14		65,000.00		15,000.00	50,000.00
Dump Truck	64,000.00	10/9/07	10/4/14		35,000.00		35,000.00	-
Police Equipment	80,000.00	10/9/07	10/4/14		10,000.00		10,000.00	-
Impvts to Adams Field	175,000.00	12/23/07	12/19/14		49,599.80		19,599.80	30,000.00
Impvts to Adams Field	120,000.00	12/27/11	12/27/14		120,000.00		5,000.00	115,000.00
Impvts to Fourth Ave.	125,000.00	12/10/08	12/6/14	0.95%	105,000.00		10,000.00	95,000.00
Communication Equipment	37,500.00	12/10/08	12/6/14		20,000.00		10,000.00	20,000.00
Communication Equipment	80,000.00	10/9/07	10/5/14		55,000.00		10,000.00	45,000.00
Communication Equipment	40,000.00	12/27/11	12/26/14		35,000.00		10,000.00	35,000.00
Impvts to Memorial Park	110,000.00	12/27/10	12/27/14		105,000.00		10,000.00	95,000.00
Impvts to Memorial Park	20,000.00	12/27/11	12/27/14		20,000.00		5,000.00	15,000.00
2010 Dump Truck	90,000.00	12/27/10	12/26/14		85,000.00		10,000.00	75,000.00
Borough Hall Security	20,000.00	12/27/11	12/26/14		20,000.00		5,000.00	15,000.00
Impvts to Springdale & Oliver	100,000.00	12/27/11	12/27/14		100,000.00		5,000.00	95,000.00
Purchase of Fire Truck	350,000.00	8/12/13	8/12/14	1.50%	350,000.00	50,000.00		350,000.00
Pickup Truck	50,000.00	12/28/14	12/28/15			300,000.00		50,000.00
Impvts to Memorial Park	300,000.00	12/28/14	12/28/15			300,000.00		300,000.00
					\$ 1,524,599.80	350,000.00	304,599.80	1,570,000.00

Ref.

Notes Payable to Current Fund show 0% Interest.

C

A-3

C-8

C

Ref.

Notes Payable to Current Fund show 0% Interest.

C

A-3

C-8

C

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit C-6  
Page 1 of 2

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance Dec. 31, 2013		Balance Dec. 31, 2014	
		Funded	Unfunded	Funded	Unfunded
12/31/1994	Purchase of Fire Pumper Truck	\$	10,862.87		10,862.87
12/1/1995	Renovation of the Municipal Building	13,865.34		13,865.34	
4/8/1996	1966 Road Impvt Program		6,566.36		6,566.36
3/9/1998	1988 Purchase of A Dump Truck		1,322.17		1,322.17
4/27/1998	Improvements to Oliver Drive	68.47		68.47	
12/28/1998	Improvements to Wall RD.		1,450.00		1,450.00
4/10/2000	2001 Purchase of a Fire Vehicle		760.50		760.50
6/26/2000	Improvements to Riverdale/Locust Aves.		210,230.67		210,230.67
8/28/2000	Police Dispatch Equipment		222.05		222.05
8/28/2000	Purchase of Leaf Collector		2,343.24		2,343.24
12/11/2000	Pedestrian Corridor-Sylvania Ave.		626.00		626.00
5/29/2001	Roadway Improvements		7,071.20		7,071.20
11/12/2001	Improvements to Firehouse		211.24		211.24
4/8/2002	Improvements to Laurel Ave.		351.58		351.58
7/8/2002	Video Conference Center		5,426.76		5,426.76
9/9/2002	Purchase of Dump Truck		1,608.12		1,608.12
12/23/2002	Improvements to Laird Ave.		479.38		479.38
12/22/2003	Improvements to Avondale Ave.		30,428.12		30,428.12
3/8/2004	Purchase of Communication Equipment		73.55		73.55
5/10/2004	Improvements to Ridge Ave. & McAneny St.		11,734.75		11,734.75
5/10/2004	Purchase of Front End Loader		23,346.87		23,346.87
4/11/2005	Improvements to Evergreen Ave.		5,093.76		5,093.76
6/15/2005	Telephone System		86.74		86.74
11/13/2005	Improvements to Bennett Ave.		393.21		393.21
7/24/2006	Improvements to Third Ave.		28,261.28		28,261.28

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6  
Page 2 of 2

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Balance Dec. 31, 2013		Expended	Balance Dec. 31, 2014	
		Funded	Unfunded		Funded	Unfunded
2/26/2007	Improvements to Fourth Ave.		5,893.46			5,893.46
4/11/2008	Improvements to Fifth Ave.		51,338.70	14,330.00		37,008.70
6/23/2008	Leaf Collector		1,055.00			1,055.00
4/28/2008	Improvements to East End & West Sylvania		2,464.40			2,464.40
4/13/2009	Improvements to Adams Field		49,883.23			49,883.23
10/26/2009	Video Equipment		2,281.40			2,281.40
10/26/2009	Underground Fuel System		111.85			111.85
10/26/2009	Dump Truck		2,719.62			2,719.62
7/26/2010	Improvements to Memorial Park		89,041.51	59,346.25		29,695.26
5/23/2011	Improvements to Spring, Oliver		29,699.20			29,699.20
2/28/2011	Borough Hall Security		9,677.00			9,677.00
6/25/2012	Purchase of Fire Truck		5,363.95	2,669.10		2,694.85
7/11/2012	Purchase of Pick Up Truck		6,114.40			6,114.40
8/27/2012	Improvements to Pedestrian Corridor		2,791.79			2,791.79
11/1/2013	Improvements to Memorial Park Bulkhead	17,500.00	332,500.00	312,478.32		37,521.68
		\$ 31,433.81	944,385.93	388,823.67	13,933.81	573,062.26
Ref			C	C-2,3	C	C

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

**Exhibit C-7**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 25,550.00
Increased by:		
2014 Appropriations	C-2	<u>20,000.00</u>
Balance December 31, 2014	C	<u><u>\$ 45,550.00</u></u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit C-8  
Page 1 of 2

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Purpose</u>	<u>Date</u>	<u>Balance</u>		<u>Notes Issued</u>	<u>Balance</u>
		<u>Dec. 31, 2013</u>	<u>Dec. 31, 2014</u>		
Purchase of Fire Truck	12/31/1994	\$ 10,862.87			10,862.87
Roadway Improvement Program	4/8/1996	6,566.36			6,566.36
Dump Truck	3/9/1998	1,322.17			1,322.17
Improvements Oliver Drive	4/27/1998	4,500.00			4,500.00
Improvements Wall Rd	12/28/1998	1,450.00			1,450.00
2001 Fire Vehicle	4/10/2000	985.50			985.50
Improvements - Riverdale & Locust Aves	6/26/2000	210,230.67			210,230.67
Police Dispatch Equipment	8/28/2000	5,000.00			5,000.00
Leaf Collector	8/28/2000	2,568.24			2,568.24
Pedestrian Corridor - Sylvania Ave.	12/11/2000	18,978.30			18,978.30
2001 Road Improvements	5/29/2001	7,071.20			7,071.20
Improvements to Firehouse	11/21/2001	211.24			211.24
Improvements to Laurel Ave.	4/8/2002	4,862.97			4,862.97
Video Conferencing Equipment	7/8/2002	14,250.00			14,250.00
Dump Truck	9/9/2002	2,500.00			2,500.00
Improvements to Laird Ave.	12/23/2002	7,000.00			7,000.00
Improvements to Avondale Ave.	12/22/2003	34,850.00			34,850.00
Communication Equipment	3/8/2004	500.00			500.00
Improvements to Ridge Ave & McAneny St.	5/10/2004	12,439.00			12,439.00
Front End Loader	5/10/2004	43,500.00			43,500.00
Improvements Evergreen Ave.	4/11/2005	9,350.00			9,350.00
Telephone System	6/15/2005	20,900.00			20,900.00
Street Sweeper	6/15/2005	3,500.00			3,500.00
Improvements to Bennett Ave.	11/14/2005	48,100.00			48,100.00

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit C-8  
Page 2 of 2

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Purpose	Date	Balance	Notes Issued	Balance
		Dec. 31, 2013		Dec. 31, 2014
Improvements to Third Ave.	7/24/2006	142,587.20		142,587.20
Improvements to Fourth Ave.	2/26/2007	58,350.00		58,350.00
Improvements to Fifth Ave.	4/11/2008	17,633.76		17,633.76
2008 Leaf Collector	6/23/2008	31,350.00		31,350.00
Improvements to East End & W. Sylvania	4/28/2008	17,536.00		17,536.00
Improvements to Fifth Ave. - Phase II	3/9/2009	18,556.00		18,556.00
Improvements to Adams Field	4/13/2009	17,500.00		17,500.00
Purchase of Video Equipment	10/26/2009	25,175.00		25,175.00
Underground Fuel System	10/26/2009	38,000.00		38,000.00
Dump Truck	10/26/2009	9,750.00		9,750.00
Improvements Memorial Park	7/26/2010	16,525.00		16,525.00
Improvements to Community Center	7/26/2010	30,203.00		30,203.00
Improvements to Springdale & Oliver	5/23/2011	28,655.00		28,655.00
Borough Hall Security	2/28/2011	18,000.00		18,000.00
Fire Truck	6/25/2012	6,250.00		6,250.00
Pick Up Truck	7/11/2012	57,000.00	50,000.00	7,000.00
Pedestrian Corridor	8/27/2012	35,031.00		35,031.00
Improvements to Memorial Park Blvd.	11/1/2013	332,500.00	300,000.00	32,500.00
		<u>\$ 1,372,100.48</u>	<u>350,000.00</u>	<u>1,022,100.48</u>

Ref.

C

C-5

C

**SEWER UTILITY FUND**

Exhibit D-4

**SCHEDULE OF CASH**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2013	D	\$ 533,602.39	106,590.46
Increased by:			
Sewer Charges Receivable	D-2	1,152,793.65	
Current Fund	D	12,401.35	
Interfund Trust	B	750.00	
Sewer Capital	D-5	4,633.06	
Capital Improvement Fund	D-9		5,000.00
Miscellaneous Revenue	D-1	17,676.01	
Prepaid Sewer Charges	D-2	35,770.37	
Total Receipts		<u>1,224,024.44</u>	<u>5,000.00</u>
		<u>1,757,626.83</u>	<u>111,590.46</u>
Decreased by:			
Bond Anticipation Note	D-10	60,000.00	
Accrued Interest	D	34.19	
Sewer Operating	D		4,633.06
Improvement Authorizations	D-11		18,539.56
Appropriation Reserves	D-7	80,242.23	
2014 Appropriations	D-3	874,424.56	
Total Disbursements		<u>1,014,700.98</u>	<u>23,172.62</u>
Balance December 31, 2014	D	<u>\$ 742,925.85</u>	<u>88,417.84</u>

**SEWER CAPITAL FUND**

**ANALYSIS OF SEWER CAPITAL CASH**

Exhibit D-5

	<u>Balance</u>		<u>Balance</u>
	<u>Dec. 31, 2013</u>	<u>Receipts</u>	<u>Dec. 31, 2014</u>
Fund Balance	\$ 22,411.84		22,411.84
Capital Improvement Fund	64,795.75	5,000.00	69,795.75
Interfund Sewer Operating	23,326.13		18,693.07
Improvement Authorizations:			
Improvements-Steiner Ave.	12,706.06		12,706.06
Improvements-Windsor Court	10,566.07		10,566.07
Improvements-Ridge Ave.	(387.03)		(387.03)
Sewer Jet	(530.30)		(530.30)
Laird Avenue Pump Station	(218.91)		(218.91)
Improvements-Bennett Ave.	4,074.85		4,074.85
Truck	(54,154.00)		(54,154.00)
Jackhammer	24,000.00		5,460.44
	<u>\$ 106,590.46</u>	<u>5,000.00</u>	<u>88,417.84</u>

<b>Ref.</b>	D	D-2	D-4	D
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**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****SEWER UTILITY FUND**

Exhibit D-6

**SCHEDULE OF SEWER RENTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2013	D		\$ 121,793.18
Increased by:			
Rents Levied			<u>1,198,732.17</u>
			1,320,525.35
Decreased by:			
Receipts - Sewer Account	D-2	\$ 1,152,793.65	
Prepaid Rents Applied	D-2	<u>32,620.48</u>	
			<u>1,185,414.13</u>
Balance December 31, 2014	D		<u><u>\$ 135,111.22</u></u>

**SCHEDULE OF APPROPRIATION RESERVES**

Exhibit D-7

	<u>Ref.</u>		
Balance December 31, 2013	D		\$ 126,176.92
Increased By:			
Encumbrances	D		<u>175.00</u>
			126,351.92
Decreased by:			
Disbursed	D-4	\$ 80,242.23	
Cancelled	D-1	<u>46,109.69</u>	
			<u><u>\$ 126,351.92</u></u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH****SEWER OPERATING UTILITY FUND**

Exhibit D-8

**SCHEDULE OF FIXED CAPITAL**

<u>Description</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2013 and 2014</u>
Sewer System Prior to January 1, 1935		\$ 190,000.00
Sewer Improvements-1937		17,100.00
Legal Fees		950.00
Engineering Fees		1,026.00
Interest during Construction		500.00
Miscellaneous Expense		374.86
Sewer Extension-1947		8,159.00
Addition and Improvements-1952		43,642.14
Addition and Improvements-1969		180,791.13
Improvement to Sewer Treatment Plant		36,126.09
Alteration & Improvement of Sewer Lift Stations-1969		22,904.92
Purchase of Sewer Roddler-1975		6,200.00
Conversion to Sewer Pumping Stations-1986		184,241.43
Purchase of Front End Loader-1987		22,612.92
Construction of Storage Building-1990		19,849.85
Purchase & Installation of Sewer Pump-1990		4,784.23
Purchase of Sewer Jet & Breaker-1990		23,510.89
Improvement to Sewer System-1994		150,000.00
Improvement to Pumping Station-1992		51,870.61
Installation of Communications-1996		45,109.98
	D	<u>\$ 1,009,754.05</u>

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Exhibit D-9

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 64,795.75
Increased by:		
Budget Appropriation	D-5	<u>5,000.00</u>
Balance December 31, 2014	D	<u>\$ 69,795.75</u>

**SEWER UTILITY FUND**

**SCHEDULE OF BOND ANTICIPATION NOTES**

<b><u>Description</u></b>	<b><u>Original</u></b>	<b><u>Date of</u></b>	<b><u>Date of</u></b>	<b><u>Interest</u></b>	<b><u>Balance</u></b>	<b><u>Budget</u></b>	<b><u>Balance</u></b>
	<b><u>Amount</u></b>	<b><u>Issue</u></b>	<b><u>Maturity</u></b>	<b><u>Rate</u></b>	<b><u>Dec. 31, 2013</u></b>	<b><u>Paydown</u></b>	<b><u>Dec. 31, 2014</u></b>
Laird Ave Pump Station	\$223,000.00	11/26/2006	12/3/2015	1.00%	\$ 120,000.00	60,000.00	60,000.00
					\$ 120,000.00	60,000.00	60,000.00
			Ref.		D	D-3	D

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

SEWER CAPITAL UTILITY FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit D-11

Date	Description	Amount	Balance December 31, 2013		Expended	Balance December 31, 2014	
			Funded	Unfunded		Funded	Unfunded
4/28/1997	Sewer Improvements - Windsor Court	\$ 135,000.00	\$ -	3,566.07		-	3,566.07
6/28/1999 & 3/27/00	Sewer Improvements - Steiner Ave.	120,000.00		2,706.06			2,706.06
3/27/2000	Sewer Improvements - Ridge Ave.	50,000.00		6,112.97			6,112.97
8/28/2000	Sewer Jet	40,000.00		2,469.70			2,469.70
4/14/2003	Laird Ave Pump Station	350,000.00		46,781.09			46,781.09
10/10/2006	Sewer Improvements - Bennett Ave.	19,000.00	4,074.85			4,074.85	
7/26/2010	Dump Truck Body	60,000.00		2,846.00			2,846.00
11/11/2013	Jackhammer	24,000.00	24,000.00		18,539.56	5,460.44	
			\$ 28,074.85	64,481.89	18,539.56	9,535.29	64,481.89
			D	D	D-4	D	D

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit E-1

PUBLIC ASSISTANCE FUNDSCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	<u>Ref.</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Fund Total</u>
Balance December 31, 2013	E	\$ 42,559.87	23,744.82	66,304.69
Increased By:				
State Aid			36,200.00	36,200.00
Miscellaneous			210.00	210.00
Interest Income		164.15	84.19	248.34
		<u>164.15</u>	<u>36,494.19</u>	<u>36,658.34</u>
		<u>42,724.02</u>	<u>60,239.01</u>	<u>102,963.03</u>
Decreased by:				
Public Assistance - 2014		-	44,492.65	44,492.65
Miscellaneous		5,770.00		5,770.00
		<u>5,770.00</u>	<u>44,492.65</u>	<u>50,262.65</u>
Balance December 31, 2014	E	<u>\$ 36,954.02</u>	<u>15,746.36</u>	<u>52,700.38</u>

BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH

Exhibit E-2

PUBLIC ASSISTANCE FUNDSCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATIONPER N.J.S.A. 40A:5-5

Balance December 31, 2013	<u>Ref.</u> E-1	\$ 66,304.69
Increased By:		
Cash Receipts Record		<u>36,658.34</u>
		102,963.03
Decreased by:		
Cash Disbursements Record		<u>50,262.65</u>
Balance December 31, 2014	E-1	<u>\$ 52,700.38</u>

<u>Reconciliation - December 31, 2014</u>	<u>PATF I</u>	<u>PATF II</u>	<u>Fund Total</u>
Balance on Deposit per Bank Statements:			
Checking	\$ 36,954.02	15,893.36	52,847.38
Less: Outstanding Check		<u>147.00</u>	<u>147.00</u>
Balance December 31, 2014	<u>\$ 36,954.02</u>	<u>15,746.36</u>	<u>52,700.38</u>

**BOROUGH OF NEPTUNE CITY - COUNTY OF MONMOUTH**

Exhibit E-3

**PUBLIC ASSISTANCE FUND****SCHEDULE OF PUBLIC ASSISTANCE REVENUES**

	<u>PATF I</u>	<u>PATF II</u>	<u>Fund Total</u>
State Aid Payments	\$ -	36,200.00	36,200.00
Interest Earned	164.15	84.19	248.34
Miscellaneous		210.00	210.00
Total Revenues (PATF)	<u>\$ 164.15</u>	<u>36,494.19</u>	<u>36,658.34</u>
<b><u>Ref.</u></b>			E-1

**SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES**

Exhibit E-4

	<u>PATF I</u>	<u>PATF II</u>	<u>Fund Total</u>
Payments for Current Year Assistance (Reported):			
Maintenance Payments	\$ -	22,859.00	22,859.00
Other:			
Temporary Rent Assistance		19,542.65	19,542.65
Work Related		452.00	452.00
Emergency Assistance - Utilities		540.00	540.00
Emergency Assistance - Rent	-	1,099.00	1,099.00
Total Payments Reported	<u>-</u>	<u>44,492.65</u>	<u>44,492.65</u>
Assistance Not Reported	<u>5,770.00</u>		<u>5,770.00</u>
Total Disbursements (PATF)	<u>\$ 5,770.00</u>	<u>44,492.65</u>	<u>50,262.65</u>
<b><u>Ref.</u></b>			E-1

**BOROUGH OF NEPTUNE CITY**

**COUNTY OF MONMOUTH**

**PART III**

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS**

**YEAR ENDED DECEMBER 31, 2014**

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Neptune City  
County of Monmouth  
Neptune City, New Jersey 07753

We have audited the comparative financial statements – regulatory basis of the Borough of Neptune City (the “Borough”), as of and for the year ended December 31, 2014, and have issued our report thereon dated June 30, 2015. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Borough’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough’s internal control over financial reporting.

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’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.

### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated June 30, 2015.

### **Purpose of this Report**

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

*Robert A. Hulsart and Company*  
Independent Auditors

June 30, 2015

**BOROUGH OF NEPTUNE CITY**

**COUNTY OF MONMOUTH**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2014**

## **GENERAL COMMENTS**

### **Scope of Audit**

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

Cash on hand was counted and cash balances 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 Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

### **Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the 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 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 amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2010, the public contracts law was amended to change the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2011, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent). A test of quotes for purchases was made with no exceptions.

The compliance review of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid limit "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously adopted under the provisions of N.J.S. 40A:11-6.

**Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 – (Continued)**

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for “Professional Services” per N.J.S. 40A:11-4.

**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, 2014, adopted a resolution authorizing interest to be charged as follows after a 10 day grace period:

8% per annum for first \$1,500.00 of delinquency and  
 18% per annum on any amount in excess of \$1,500.00  
 6% penalty on total delinquency if such delinquency is in excess of \$10,000.00

Such interest shall be calculated from the date due until actual payment, provided however, no interest shall be charged if payment is made within a 10 day grace period.

It appears from an examination of the collector’s records, on a test-check basis, that interest was collected in accordance with the foregoing resolution.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on September 12, 2014. Inspection of tax sale certificates on file revealed that all 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:

<u>Year</u>	<u>Number of Liens</u>
2014	1
2013	1
2012	1

### Confirmation of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	12
Sewer Charged Unpaid	12
Information - Taxes	25
Information – Sewer Utility	25

For those confirmation notices which were not returned by taxpayers, we performed alternative procedures. No irregularities were noted.

### Follow-Up on Findings and Recommendations

In accordance with Government Auditing Standards our procedures included a review of all prior year findings.

The findings in relation to the interfunds with payroll and inclusion of the escrow funds on the Trust trial balance were only partially addressed.

### Findings and Recommendations

**14-01 Finding:** There are interfunds between the Trust (Payroll) accounts and the Current and Sewer Accounts.

**14-01 Recommendation:** These should be analyzed as to either reducing or eliminating same.

**14-02 Finding:** That the Escrow account balances were not included in the Trust trial balance.

**14-02 Recommendation:** That the Escrow accounts be included in the Trust trial balance.

### APPRECIATION

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

\*\*\*\*\*

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.