

**BOROUGH OF HARVEY CEDARS  
AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2016**



**BOROUGH OF HARVEY CEDARS  
COUNTY OF OCEAN, NEW JERSEY  
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**BOROUGH OF HARVEY CEDARS  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Board of Commissioners  
Borough of Harvey Cedars  
County of Ocean  
Harvey Cedars, New Jersey 08008

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Harvey Cedars, County of Ocean, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 1 to the financial statements, the Borough of Harvey Cedars prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

### **Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Harvey Cedars, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 61.71% and 52.11% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Harvey Cedars, County of Ocean, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental statements and schedules presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.



Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2017, on our consideration of the Borough of Harvey Cedars' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Harvey Cedars' internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #483

May 10, 2017  
Toms River, New Jersey

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

Honorable Mayor and Members  
of the Board of Commissioners  
Borough of Harvey Cedars  
Harvey Cedars, New Jersey 08008

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Harvey Cedars (herein referred to as "the Borough"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 10, 2017. Our report indicated that the Borough's financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund ("LOSAP") Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough of Harvey Cedars' financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements - regulatory basis was unmodified.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

deficiencies. We consider the deficiency described in the accompanying schedule of findings and responses identified as Finding 2016-001 to be a material weakness.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #483

May 10, 2017  
Toms River, New Jersey

**BASIC FINANCIAL STATEMENTS**

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**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 3,596,562.74	\$ 4,116,215.04
Change Fund	A	<u>200.00</u>	<u>200.00</u>
Total		<u>3,596,762.74</u>	<u>4,116,415.04</u>
Other Receivable:			
Due from State of NJ - Senior Citizens' and Veterans Dedutions	A-5	<u>750.00</u>	<u>750.00</u>
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-6	49,346.80	60,435.28
Due From Payroll Trust Fund	B	10,000.00	-
Due From Utility Operating Fund	D	53,052.00	-
Regional School Tax Receivable	A-16	-	11,740.69
Revenue Accounts Receivable	A-8	<u>3,427.24</u>	<u>2,226.53</u>
Total Receivables & Other Assets With Full Reserves		<u>115,826.04</u>	<u>74,402.50</u>
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-10	<u>99,524.80</u>	<u>199,049.60</u>
		<u>99,524.80</u>	<u>199,049.60</u>
Total Regular Funds		<u>3,812,863.58</u>	<u>4,390,617.14</u>
Federal & State Grants:			
Cash	A-4	20,529.38	25,470.16
Federal and State Grants Receivable	A-20	331,083.43	339,624.18
Due From Current Fund	A-19	11,062.70	1,668.53
Due From Utility Operating Fund	D	<u>7,540.00</u>	<u>7,540.00</u>
Total State & Federal Grants		<u>370,215.51</u>	<u>374,302.87</u>
Total Assets		<u>\$ 4,183,079.09</u>	<u>\$ 4,764,920.01</u>

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

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 339,686.53	\$ 240,768.47
Encumbrances Payable	A-11	138,955.23	87,766.68
Due to Utility Capital	D	68,000.00	65,700.00
Due to Federal and State Grant Fund	A-19	11,062.70	1,668.53
Due to State and Local Agencies	A-12	16,461.31	19,545.13
Tax Overpayments	A-13	3.23	7,062.42
Prepaid Taxes	A-14	145,324.42	152,178.21
County Taxes Payable	A-15	29,270.26	27,045.61
Regional School Tax Payable	A-16	7,234.81	-
Regional High School Tax Payable	A-17	1,461,291.35	1,538,708.34
Various Reserves	A-18	140,036.85	884,322.82
		<u>2,357,326.69</u>	<u>3,024,766.21</u>
Subtotal Regular Fund			
Reserve for Receivables & Other Assets	A	115,826.04	74,402.50
Fund Balance	A-1	1,339,710.85	1,291,448.43
		<u>3,812,863.58</u>	<u>4,390,617.14</u>
Total Regular Fund			
Federal and State Grant Fund:			
Encumbrances Payable	A-21	25,311.12	47.97
Reserve for Grants Expenditures:			
Appropriated	A-21	340,253.01	371,548.46
Unappropriated	A-22	4,651.38	2,706.44
		<u>370,215.51</u>	<u>374,302.87</u>
Total State & Federal Grants			
		<u>\$ 4,183,079.09</u>	<u>\$ 4,764,920.01</u>
Total Liabilities, Reserves & Fund Balance			

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



**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 375,000.00	\$ 346,000.00
Miscellaneous Revenue Anticipated	1,484,553.95	1,004,682.11
Receipts From Delinquent Taxes	58,348.49	52,154.20
Non-Budget Revenue	82,546.51	73,384.65
Receipts From Current Taxes	12,258,528.50	12,207,906.22
Other Credits To Income:		
Unexpended Balance of Appropriation		
Reserves	181,134.81	240,526.25
Cancellation of Prior Year Payable	-	0.04
Return of Prior Year Receivable	-	576.45
Prior Year Prepaid Taxes Recognized	11,740.69	-
	<u>14,451,852.95</u>	<u>13,925,229.92</u>
Total Revenues		
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	1,774,357.00	1,760,168.28
Other Expenses	1,095,283.00	1,089,865.67
Deferred Charges and Statutory		
Expenditures	366,636.00	338,775.60
Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	318,585.33	515,068.14
Capital Improvements	271,000.00	180,000.00
Municipal Debt Service	835,574.00	205,963.00
Deferred Charges	99,524.80	99,524.80
County Taxes	5,169,742.14	5,037,063.93
County Share of Added Taxes	29,270.26	27,045.61
Regional School Tax	546,450.00	470,548.00
Regional High School Tax	3,444,168.00	3,610,721.00
Overpayment of Regional School Taxes Payable	-	11,740.69
Creation of Interfund	63,052.00	-
Refund of Prior Year Revenue	14,948.00	-
	<u>14,028,590.53</u>	<u>13,346,484.72</u>
Total Expenditures		
Statutory Excess To Fund Balance	423,262.42	578,745.20
Fund Balance, January 1	<u>1,291,448.43</u>	<u>1,058,703.23</u>
	1,714,710.85	1,637,448.43
Decreased By:		
Utilized as Anticipated Revenue	375,000.00	346,000.00
	<u>375,000.00</u>	<u>346,000.00</u>
Fund Balance, December 31	<u>\$ 1,339,710.85</u>	<u>\$ 1,291,448.43</u>

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

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 375,000.00	\$ -	\$ 375,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4,650.00	-	4,650.00	-
Fees and Permits	19,044.00	-	24,386.00	5,342.00
Fines and Costs:				
Municipal Court	38,377.00	-	40,821.49	2,444.49
Interest and Costs on Taxes	22,500.00	-	23,105.22	605.22
Beach Badge Fees	236,076.00	-	248,002.00	11,926.00
Rents	119,338.00	-	121,989.22	2,651.22
Energy Receipts Tax	105,628.00	-	105,628.00	-
Uniform Construction Code Fees	45,051.00	-	40,527.00	(4,524.00)
Reserve for FEMA - Acquisition of Easements	668,533.00	-	668,532.89	(0.11)
FEMA - Superstorm Sandy 2012	99,525.00	-	99,524.80	(0.20)
Clean Communities Program	-	6,597.54	6,597.54	-
COPS in Shops	-	2,400.00	2,400.00	-
CDBG Handicap Equipment for Beach Access	-	25,000.00	25,000.00	-
Ocean County Tourism Grant	-	1,000.00	1,000.00	-
Click It or Ticket	-	5,000.00	5,000.00	-
FY 15 Homeland Security AM Radio Grant	15,000.00	-	15,000.00	-
Body Armor Fund	1,258.00	1,221.79	2,479.79	-
Ocean JIF Police Accreditation Grant	-	3,750.00	3,750.00	-
Generator Fuel Tank	-	12,185.00	12,185.00	-
Drive Sober or Get Pulled Over/Drink, Drive, Lose	-	5,000.00	5,000.00	-
Message Board Grant	16,975.00	-	16,975.00	-
Utility Operating Surplus of Prior Year	12,000.00	-	12,000.00	-
	<u>1,403,955.00</u>	<u>62,154.33</u>	<u>1,484,553.95</u>	<u>18,444.62</u>
Receipts From Delinquent Taxes	<u>60,435.00</u>	<u>-</u>	<u>58,348.49</u>	<u>(2,086.51)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>3,110,116.00</u>	<u>-</u>	<u>3,319,598.10</u>	<u>209,482.10</u>
Budget Totals	<u>4,949,506.00</u>	<u>62,154.33</u>	<u>5,237,500.54</u>	<u>225,840.21</u>
Non-Budget Revenue	<u>-</u>	<u>-</u>	<u>82,546.51</u>	<u>82,546.51</u>
	<u>\$ 4,949,506.00</u>	<u>\$ 62,154.33</u>	<u>\$ 5,320,047.05</u>	<u>\$ 308,386.72</u>

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

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenue

Allocation of Current Tax Collection:

Revenue from Collections	\$ 12,258,528.50
Allocated to School and County Taxes	9,189,630.40

Balance for Support of Municipal Budget 3,068,898.10

Add:

Appropriation for Uncollected Taxes	250,700.00
-------------------------------------	------------

Balance for Support of Municipal Budget \$ 3,319,598.10

Miscellaneous Revenue Not Anticipated:

Copies	\$ 53.51
Tax Searches	10.00
Resale CO's	2,200.00
Assessor Lists	250.00
Plumbing/Fire Fees	3,572.80
Sale of Asset	22.00
Re-Entry Passes	50.00
Returned Check Fee	20.00
Tax Costs of Sale	1,551.40
Miscellaneous	3,140.28
Payment in Lieu of Taxes	34,137.11
Interest Income	4,969.17
Certified Copies	150.00
Yard Sale Permits	50.00
Street Openings	8,850.00
Police Discovery	217.53
Administration Fee:	
Homestead Rebate Mailing Reimbursement	34.20
Senior Citizens' and Veterans'	155.00
TV Cable Franchise Fees	18,029.01
Public Property Use Fee	1,700.00
Bid Specs	800.00
MV Inspection Fines	2,584.50
	\$ 82,546.51

Fees and Permits:

Marriage Licenses - Municipal Share	\$ 9.00
Certificate of Occupancy	812.00
Tennis Court Fees	3,200.00
Land Use Board App Fee	5,200.00
Beach Buggy Permits	4,050.00
Zoning Permits	6,515.00
Police Vendor Permits	3,200.00
Boat Permits	1,400.00
	\$ 24,386.00

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

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid	Paid or Charged Encumbered	Reserved	Cancelled
	Original Budget	Budget After Modifications				
	\$	\$				
General Appropriations Operations - Within "CAPS"						
GENERAL GOVERNMENT						
Department of Public Affairs and Safety						
Director's Office:						
Salaries and Wages	7,500.00	7,500.00	7,500.00	-	-	\$ -
Other Expenses	3,500.00	3,500.00	832.26	-	2,667.74	-
Administrator:						
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	-	-
Municipal Clerk:						
Salaries and Wages	63,217.00	63,217.00	63,217.00	-	-	-
Other Expenses	12,000.00	12,000.00	6,180.07	2,396.48	3,423.45	-
Legal Services and Costs:						
Other Expenses	20,000.00	15,500.00	8,256.29	-	7,243.71	-
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Board of Adjustment:						
Salaries and Wages	23,206.00	25,406.00	25,406.00	-	-	-
Other Expenses	6,000.00	6,000.00	5,455.83	-	544.17	-
Zoning Enforcement						
Other Expenses	1,000.00	1,000.00	910.00	90.00	-	-
Police Department:						
Salaries and Wages	856,588.00	856,588.00	820,232.83	-	36,355.17	-
Other Expenses	84,150.00	84,150.00	53,793.47	19,269.06	11,087.47	-
Office of Emergency Management:						
Salaries and Wages	3,000.00	3,000.00	-	-	3,000.00	-
Other Expenses	3,000.00	3,000.00	500.00	2,500.00	-	-
Fire:						
Aid To Volunteer Fire Company	12,000.00	12,000.00	12,000.00	-	-	-
First Aid Organization Contribution	9,500.00	9,500.00	9,500.00	-	-	-
Municipal Prosecutor's Office:						
Other Expenses	6,600.00	6,600.00	4,750.00	-	1,850.00	-
Contribution To Senior Citizen Center	1,500.00	1,500.00	1,500.00	-	-	-

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

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Appropriations			Paid or Charged		Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered		
				Reserved	Cancelled	
<b>GENERAL GOVERNMENT (continued)</b>						
Lifeguards:						
Salaries and Wages	282,812.00	280,812.00	280,796.50	-	15.50	-
Other Expenses	22,448.00	24,448.00	20,470.62	3,929.44	47.94	-
Beach Operations						
Salaries and Wages	23,347.00	18,347.00	17,641.24	-	705.76	-
Other Expenses	6,500.00	6,500.00	5,512.26	-	987.74	-
Department of Revenue and Finance						
Director's Office:						
Salaries and Wages	7,500.00	7,500.00	7,500.00	-	-	-
Other Expenses	2,000.00	2,000.00	1,313.22	19.12	667.66	-
Financial Administration:						
Salaries and Wages	40,821.00	40,821.00	40,821.00	-	-	-
Other Expenses	6,242.00	6,242.00	6,242.00	-	-	-
Audit Services	30,447.00	30,447.00	21,417.50	-	9,029.50	-
Collector of Taxes:						
Salaries and Wages	51,858.00	51,858.00	51,858.00	-	-	-
Other Expenses	3,927.00	3,927.00	3,906.12	20.88	-	-
Tax Assessment Administration:						
Salaries and Wages	19,639.00	19,639.00	19,639.00	-	-	-
Other Expenses	7,000.00	3,000.00	2,351.83	565.20	82.97	-
Department of Public Works, Parks, and Public Property						
Director's Office:						
Salaries and Wages	7,500.00	7,500.00	7,500.00	-	-	-
Other Expenses	2,000.00	2,000.00	1,049.55	-	950.45	-
Engineering Services and Costs:						
Other Expenses	15,000.00	18,500.00	18,436.54	-	63.46	-
Road Repair and Maintenance:						
Salaries and Wages	272,325.00	313,825.00	303,661.51	-	10,163.49	-
Other Expenses	35,000.00	20,000.00	13,167.70	4,180.50	2,651.80	-
Garbage and Trash Removal:						
Other Expenses	134,000.00	134,000.00	122,833.57	-	11,166.43	-

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

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	Appropriations				Paid or Charged	Cancelled	
	Original Budget	Budget After Modifications	Paid	Encumbered			Reserved
GENERAL GOVERNMENT (continued)							
Public Buildings and Grounds:							
Other Expenses	75,000.00	59,000.00	47,060.19	6,437.63	5,502.18	-	
Vehicle Maintenance:							
Salaries and Wages	40,729.00	40,729.00	33,620.57	-	7,108.43	-	
Other Expenses	30,600.00	35,600.00	24,186.32	7,151.51	4,262.17	-	
Recreation:							
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	-	-	
Other Expenses	1,000.00	-	-	-	-	-	
Park Maintenance:							
Other Expenses	10,400.00	10,400.00	7,722.21	327.20	2,350.59	-	
Beachfront Maintenance:							
Other Expenses	50,000.00	43,500.00	2,079.05	5,950.00	35,470.95	-	
Sanitary Landfill:							
Other Expenses	62,730.00	62,730.00	53,322.82	-	9,407.18	-	
Special Activity:							
Other Expenses	5,000.00	5,000.00	350.00	-	4,650.00	-	
Municipal Court:							
Salaries and Wages	7,955.00	7,955.00	7,955.00	-	-	-	
Other Expenses	2,000.00	2,000.00	1,506.74	-	493.26	-	
Public Defender (P.L. 1997, c.256):							
Other Expenses	3,000.00	3,000.00	1,225.00	-	1,775.00	-	
Insurance (N.J.S.A. 40A:4-45.3(00)):							
General Liability	33,000.00	33,000.00	33,000.00	-	-	-	
Workers Compensation	43,860.00	43,860.00	41,576.86	-	2,283.14	-	
Employee Group Health	280,185.00	280,185.00	231,712.67	2,324.75	46,147.58	-	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS							
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)							
Construction Code Official:							
Salaries and Wages	6,660.00	6,660.00	6,660.00	-	-	-	
Other Expenses	3,000.00	1,800.00	1,214.46	-	585.54	-	

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

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016**

	Appropriations				Paid or Charged		Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved		
					Reserve	Cancelled	
UNCLASSIFIED							
Electricity	16,892.00	16,892.00	14,586.17	-	2,305.83	-	-
Street Lighting	37,163.00	37,163.00	35,702.50	-	1,460.50	-	-
Telecommunications	14,640.00	14,640.00	11,501.16	-	3,138.84	-	-
Natural Gas	10,699.00	10,699.00	3,655.40	900.08	6,143.52	-	-
Gasoline	30,000.00	30,000.00	13,979.94	-	16,020.06	-	-
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00	-	-	-	-
Total Operations - Within "CAPS"	2,870,640.00	2,869,640.00	2,561,768.97	56,061.85	251,809.18	-	-
Detail:							
Salaries and Wages	1,737,657.00	1,774,357.00	1,717,008.65	-	57,348.35	-	-
Other Expenses	1,132,983.00	1,095,283.00	844,760.32	56,061.85	194,460.83	-	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"							
Statutory Expenditures:							
Contribution To:							
Public Employees' Retirement System of NJ	65,948.00	65,948.00	65,947.50	-	0.50	-	-
Social Security System (O.A.S.I.)	135,660.00	135,660.00	132,418.60	-	3,241.40	-	-
Police and Firemen's Retirement System of NJ	156,735.00	156,735.00	156,735.00	-	-	-	-
Unemployment Insurance (N.J.S.A. 43:21-3 et seq.)	7,293.00	8,293.00	7,629.97	-	663.03	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	365,636.00	366,636.00	362,731.07	-	3,904.93	-	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	3,236,276.00	3,236,276.00	2,924,500.04	56,061.85	255,714.11	-	-
Insurance: N.J.S.A. 40A:4-45.3(00)							
Employee Group Insurance	4,815.00	4,815.00	4,815.00	-	-	-	-
Recycling Tax	3,165.00	3,165.00	1,997.58	-	1,167.42	-	-
LOSAP	40,000.00	40,000.00	16,120.00	-	23,880.00	-	-

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

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid	Paid or Charged		Cancelled
	Original Budget	Budget After Modifications		Encumbered	Reserved	
Interlocal Municipal Service Agreements:						
Police Dispatch/911	33,775.00	33,775.00	33,775.00	-	-	-
Code Enforcement and Administration	48,709.00	48,709.00	28,670.99	-	20,038.01	-
Public Health Services	42,734.00	42,734.00	42,734.00	-	-	-
Animal Control Services	10,000.00	10,000.00	5,445.00	-	4,555.00	-
LBI Trolley	10,000.00	10,000.00	10,000.00	-	-	-
IT Services	9,000.00	9,000.00	1,925.00	-	7,075.00	-
Municipal Court Administrator	20,000.00	20,000.00	-	-	20,000.00	-
Public and Private Programs Offset By Revenues:						
Clean Communities Program	-	6,597.54	6,597.54	-	-	-
Ocean County Tourism Grant	-	1,000.00	1,000.00	-	-	-
COPS In Shops	-	2,400.00	2,400.00	-	-	-
Click It or Ticket Grant	-	5,000.00	5,000.00	-	-	-
Community Development Block Grant	-	25,000.00	25,000.00	-	-	-
Drive Sober or Get Pulled Over/Drink, Drive, Lose	-	5,000.00	5,000.00	-	-	-
Body Armor Fund	1,258.00	2,479.79	2,479.79	-	-	-
JIF Police Accreditation Program	-	3,750.00	3,750.00	-	-	-
FY15 Homeland Security Grant AM Radio	15,000.00	15,000.00	15,000.00	-	-	-
Message Board Grant	16,975.00	16,975.00	16,975.00	-	-	-
Matching Funds for Grants - OC Tourism	1,000.00	1,000.00	1,000.00	-	-	-
80th Street Generator	-	12,185.00	12,185.00	-	-	-
<b>Total Operations - Excluded From "CAPS"</b>	<b>256,431.00</b>	<b>318,585.33</b>	<b>241,869.90</b>	<b>-</b>	<b>76,715.43</b>	<b>-</b>
Detail:						
Other Expenses	256,431.00	318,585.33	241,869.90	-	76,715.43	-

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



**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2016**

	Appropriations			Paid or Charged	Reserved	Cancelled
	Original Budget	Budget After Modifications	Paid			
Capital Improvements - Excluded From "CAPS"						
Beach Mats	18,000.00	18,000.00	-	17,958.80	41.20	-
Wooden Fence	5,000.00	5,000.00	-	-	5,000.00	-
Computers - Police	12,000.00	12,000.00	11,474.66	525.34	-	-
Track Loader	50,000.00	50,000.00	50,000.00	-	-	-
Bulkhead Improvements	46,000.00	46,000.00	19,374.97	24,409.24	2,215.79	-
Capital Improvement Fund	100,000.00	100,000.00	100,000.00	-	-	-
Camera System - Police/PW	15,000.00	15,000.00	-	15,000.00	-	-
Vehicles - Police	25,000.00	25,000.00	-	25,000.00	-	-
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<b>271,000.00</b>	<b>271,000.00</b>	<b>180,849.63</b>	<b>82,893.38</b>	<b>7,256.99</b>	<b>-</b>
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Anticipation Notes and Capital Notes	822,777.00	822,777.00	822,777.00	-	-	-
Interest on Notes	12,797.00	12,797.00	12,797.00	-	-	-
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<b>835,574.00</b>	<b>835,574.00</b>	<b>835,574.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	99,525.00	99,525.00	99,524.80	-	-	0.20
<b>Total Deferred Charges - Municipal - Excluded From "CAPS"</b>	<b>99,525.00</b>	<b>99,525.00</b>	<b>99,524.80</b>	<b>-</b>	<b>-</b>	<b>0.20</b>
Total General Appropriations	1,462,530.00	1,524,684.33	1,357,818.33	82,893.38	83,972.42	0.20
Subtotal General Appropriations	4,698,806.00	4,760,960.33	4,282,318.37	138,955.23	339,686.53	0.20
Reserve for Uncollected Taxes	250,700.00	250,700.00	250,700.00	-	-	-
<b>Total General Appropriations</b>	<b>\$ 4,949,506.00</b>	<b>\$ 5,011,660.33</b>	<b>\$ 4,533,018.37</b>	<b>\$ 138,955.23</b>	<b>\$ 339,686.53</b>	<b>\$ 0.20</b>
Analysis of Modified Budget:						
Original Budget	\$	4,949,506.00				
Special Item of Revenue		<u>62,154.33</u>				
	\$	<u>5,011,660.33</u>				
Analysis of Paid or Charged:						
Reserve for Uncollected Taxes	\$	250,700.00				
Special Emergency Authorizations		99,524.80				
Cash Disbursements		4,163,480.45				
Reserve for Grant Expenditures - Appropriated		96,387.33				
Cash Reimbursements		<u>(77,074.21)</u>				
	\$	<u>4,533,018.37</u>				

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

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**BOROUGH OF HARVEY CEDARS  
TRUST FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Fund:			
Cash	B-1	\$ 307.20	\$ 47.60
Total Animal Control Fund		<u>307.20</u>	<u>47.60</u>
Trust - Other Fund:			
Cash	B-1	<u>263,789.19</u>	<u>286,855.32</u>
Total Trust - Other Fund		<u>263,789.19</u>	<u>286,855.32</u>
Payroll Fund:			
Cash	B-1	8,915.70	44,974.50
Deficit in Payroll	B-7	<u>1,084.30</u>	<u>-</u>
Total Payroll Fund		<u>10,000.00</u>	<u>44,974.50</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-5	<u>441,690.27</u>	<u>361,133.83</u>
Total Assets		<u>\$ 715,786.66</u>	<u>\$ 693,011.25</u>
<b>LIABILITIES, RESERVES, AND FUND BALANCE</b>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-2	\$ 306.00	\$ 47.60
Due to State of New Jersey	B-3	<u>1.20</u>	<u>-</u>
Total Animal Control Fund		<u>307.20</u>	<u>47.60</u>
Trust - Other Fund:			
Trust - Other Reserves	B-4	<u>263,789.19</u>	<u>286,855.32</u>
Total Trust - Other Fund		<u>263,789.19</u>	<u>286,855.32</u>
Payroll Fund			
Reserve for Payroll Deductions	B-7	-	44,974.50
Due to Current Fund	B-8	<u>10,000.00</u>	<u>-</u>
Total Payroll Fund		<u>10,000.00</u>	<u>44,974.50</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves	B-6	<u>441,690.27</u>	<u>361,133.83</u>
Total		<u>\$ 715,786.66</u>	<u>\$ 693,011.25</u>

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

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**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Cash	C-2,C-3	\$ 555,941.97	\$ 470,088.54
Deferred Charges to Future Taxation:			
Unfunded	C-4	<u>2,720,422.47</u>	<u>3,543,202.47</u>
Total Assets		<u>\$ 3,276,364.44</u>	<u>\$ 4,013,291.01</u>
 LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes	C-5	\$ 999,895.00	\$ 1,822,675.00
Improvement Authorizations:			
Funded	C-6	24,841.99	25,451.99
Unfunded	C-6	1,587,774.08	1,601,310.65
Capital Improvement Fund	C-7	296,734.03	546,734.03
Reserve for Encumbrances	C-6	350,000.00	-
Fund Balance	C-1	<u>17,119.34</u>	<u>17,119.34</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 3,276,364.44</u>	<u>\$ 4,013,291.01</u>

There were \$1,720,527.47 of bonds and notes authorized but not issued on December 31, 2016 and 2015.

**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE -  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	
Balance, December 31, 2016 and 2015	C	<u>\$ 17,119.34</u>

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

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Operating Fund:			
Cash	D-4	\$ 503,859.43	\$ 378,052.48
Total		<u>503,859.43</u>	<u>378,052.48</u>
Receivables With Full Reserves:			
Water Rents Receivable	D-6	23,737.26	22,276.05
Sewer Rents Receivable	D-8	15,984.27	16,180.48
Total		<u>39,721.53</u>	<u>38,456.53</u>
Total Operating Fund		<u>543,580.96</u>	<u>416,509.01</u>
Capital Fund:			
Cash	D-4	\$ 310,971.95	284,125.92
Fixed Capital	D-10	4,753,688.47	4,753,688.47
Fixed Capital Authorized and Uncompleted	D-11	3,855,887.00	3,735,737.00
Due from Current Fund	A	68,000.00	65,700.00
Total Capital Fund		<u>8,988,547.42</u>	<u>8,839,251.39</u>
Total Operating & Capital Fund		<u>\$ 9,532,128.38</u>	<u>\$ 9,255,760.40</u>

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

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 48,602.03	\$ 67,205.08
Water Overpayments	D-7	2,375.92	2,270.57
Sewer Overpayments	D-9	1,685.30	942.19
Encumbrances Payable	D-13	22,087.56	13,032.34
Accrued Interest on Bonds and Notes	D-14	10,382.08	10,206.39
Due to Current Fund	A	53,052.00	-
Due to State & Federal Grant Fund	A	<u>7,540.00</u>	<u>7,540.00</u>
Subtotal		<u>145,724.89</u>	<u>101,196.57</u>
Reserve for Receivables	D	39,721.53	38,456.53
Fund Balance	D-1	<u>358,134.54</u>	<u>276,855.91</u>
Total Operating Fund		<u>543,580.96</u>	<u>416,509.01</u>
Capital Fund:			
Bond Anticipation Notes	D-15	1,094,433.00	1,079,485.00
Loans Payable	D-16	872,697.61	960,868.02
Improvement Authorizations:			
Funded	D-17	8,155.50	17,793.12
Unfunded	D-17	432,725.39	415,504.59
Capital Improvement Fund	D-18	73,454.00	43,604.00
Reserve for Amortization	D-19	5,766,391.86	5,573,019.45
Deferred Reserve for Amortization	D-20	644,913.42	644,913.42
Encumbrances Payable	D-17	55,433.10	63,720.25
Fund Balance	D-1a	<u>40,343.54</u>	<u>40,343.54</u>
Total Capital Fund		<u>8,988,547.42</u>	<u>8,839,251.39</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 9,532,128.38</u></u>	<u><u>\$ 9,255,760.40</u></u>

There were \$231,139.58 of bonds and notes authorized but not issued on December 31, 2016 and 2015.



**BOROUGH OF HARVEY CEDARS**  
**WATER-SEWER UTILITY OPERATING FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Anticipated	\$ 9,745.00	\$ 36,902.12
Water/Sewer Rents	1,211,057.57	1,197,224.76
Miscellaneous Revenues Anticipated	12,396.21	7,723.61
Unexpended Balance of Appropriation Reserves	<u>67,109.28</u>	<u>65,233.56</u>
Total Revenues	<u>1,300,308.06</u>	<u>1,307,084.05</u>
Expenditures:		
Budget Appropriations:		
Operating	884,365.00	926,347.91
Capital Improvements	82,000.00	70,000.00
Debt Service	165,648.43	145,111.99
Statutory Expenditures	65,271.00	64,477.40
Surplus (General Budget)	<u>12,000.00</u>	<u>12,000.00</u>
Total Expenditures	<u>1,209,284.43</u>	<u>1,217,937.30</u>
Excess in Revenue	91,023.63	89,146.75
Fund Balance, January 1	<u>276,855.91</u>	<u>224,611.28</u>
	367,879.54	313,758.03
Decreased By:		
Utilized as Anticipated Revenue	<u>9,745.00</u>	<u>36,902.12</u>
Fund Balance, December 31	<u><u>\$ 358,134.54</u></u>	<u><u>\$ 276,855.91</u></u>

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

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2016 and 2015

\$ 40,343.54

**BOROUGH OF HARVEY CEDARS**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 9,745.00	\$ 9,745.00	\$ -
Water Rents	829,744.00	846,574.62	16,830.62
Sewer Rents	367,480.00	364,482.95	(2,997.05)
Miscellaneous	7,724.00	12,396.21	4,672.21
	<u>\$ 1,214,693.00</u>	<u>\$ 1,233,198.78</u>	<u>\$ 18,505.78</u>

Analysis of Realized Rents

Consumer Accounts Receivable:  
 Collected

\$ 1,211,057.57

Analysis of Miscellaneous Revenue

Interest on Delinquents  
 Interest on Investments  
 Miscellaneous

\$ 1,436.44  
 182.15  
10,777.62  
\$ 12,396.21

**BOROUGH OF HARVEY CEDARS**  
**WATER-SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		PAID OR CHARGED			Cancelled
	Original Budget	Budget After Modification	Paid	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 361,365.00	\$ 361,365.00	\$ 328,978.82	\$ -	\$ 32,386.18	\$ -
Other Expenses	523,000.00	523,000.00	488,720.46	22,087.56	12,191.98	-
Total Operating	884,365.00	884,365.00	817,699.28	22,087.56	44,578.16	-
Capital Improvements:						
Capital Improvement Fund	82,000.00	82,000.00	82,000.00	-	-	-
Total Capital Improvements	82,000.00	82,000.00	82,000.00	-	-	-
Debt Service:						
Bond Anticipation Notes	53,052.00	53,052.00	53,052.00	-	-	-
Interest on Notes	7,579.00	7,579.00	7,579.00	-	-	-
Principal on NJEIT Loan	88,170.00	88,170.00	88,170.00	-	-	-
Interest on NJEIT Loan	22,256.00	22,256.00	16,847.43	-	-	5,408.57
Total Debt Service	171,057.00	171,057.00	165,648.43	-	-	5,408.57
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	35,511.00	35,511.00	35,510.50	-	0.50	-
Social Security System (O.A.S.I.)	27,960.00	27,960.00	24,449.00	-	3,511.00	-
Unemployment Compensation Insurance	1,800.00	1,800.00	1,287.63	-	512.37	-
Total Statutory Expenditures	65,271.00	65,271.00	61,247.13	-	4,023.87	-
Surplus (General Budget)	12,000.00	12,000.00	12,000.00	-	-	-
Total Water/Sewer Utility Fund Appropriations	\$ 1,214,693.00	\$ 1,214,693.00	\$ 1,138,594.84	\$ 22,087.56	\$ 48,602.03	\$ 5,408.57
Cash Disbursements			\$ 1,174,544.68			
Cash Reimbursements			(36,125.53)			
Accrued Interest on Bonds and Notes			175.69			
			<u>\$ 1,138,594.84</u>			

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

**BOROUGH OF HARVEY CEDARS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Land	E-1	\$ 926,392.47	\$ 926,392.47
Land Improvements	E-1	601,459.00	601,459.00
Buildings and Improvements	E-1	1,384,625.00	1,384,625.00
Machinery and Equipment	E-1	<u>2,266,848.13</u>	<u>2,150,552.41</u>
Total General Fixed Assets		<u>\$ 5,179,324.60</u>	<u>\$ 5,063,028.88</u>
Investment in General Fixed Assets	E	<u>\$ 5,179,324.60</u>	<u>\$ 5,063,028.88</u>

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

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**BOROUGH OF HARVEY CEDARS  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**BOROUGH OF HARVEY CEDARS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Borough of Harvey Cedars has operated under the Walsh Act Commission form of New Jersey municipal government since 1923. The governing body is a 3-member Board of Commissioners. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are not considered component units under GASB 14. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads.

**Component Units**

The Borough of Harvey Cedars had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statement No. 39 and 61.

**Basis of Accounting, Measurement Focus and Basis of Presentation**

The financial statements of the contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

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

**Current Fund** - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

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

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

**Water/Sewer Utility Fund** - is used to account for the operations and acquisition of capital facilities of the municipally-owned Water/Sewer Utility.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

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

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

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

New Jersey municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. *N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

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

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

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

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

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

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

**School Taxes** - The Borough is responsible for levying, collecting, and remitting school taxes for the Long Beach Island School District and the Southern Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and the regional high school district. The Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30 are increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

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

Appropriations for principal payments on outstanding general capital and utility bonds and notes are

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

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

**Length of Service Award Program ("LOSAP")**

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

LOSAP Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements.

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Borough implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Borough is required to measure certain investments at fair value for financial reporting purposes. In addition, the Borough is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Borough's financial statements.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

The Borough implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Borough's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

**Note 2. Cash**

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits</b>	
Demand Deposits	<u>\$ 5,260,877.56</u>
Total Deposits	<u>\$ 5,260,877.56</u>

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 2. Cash (continued):**

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

Current Fund	\$ 3,596,562.74
Grant Fund	20,529.38
Animal Control Trust Fund	307.20
Trust - Other Fund	263,789.19
Trust - Payroll	8,915.70
General Capital Fund	555,941.97
Water/Sewer Utility Operating Fund	503,859.43
Water/Sewer Utility Capital Fund	<u>310,971.95</u>
 Total Cash	 <u>\$ 5,260,877.56</u>

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

As of December 31, 2016, the Borough's bank balances of \$5,390,654.09 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 1,435,585.35
Insured Under F.D.I.C.	250,000.00
Collateralized Under GUDPA	<u>3,705,068.74</u>
 Total	 <u>\$ 5,390,654.09</u>

**Custodial Credit Risk Related to Investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for Custodial Risk. As of December 31, 2016 and 2015, \$441,690.27 and \$361,133.83, respectively, of the Borough's investments was exposed to Custodial Credit Risk, as follows:

	Fair Value (LOSAP)	Book Value	Total Reported Value
<u>2016</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 441,690.27</u>	<u>\$ 441,690.27</u>	<u>\$ 441,690.27</u>



**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 2. Cash (continued):**

	Fair Value ( <u>LOSAP</u> )	Book Value	Total Reported Value
<u>2015</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Borough's name	<u>\$ 361,133.83</u>	<u>\$ 361,133.83</u>	<u>\$ 361,133.83</u>

**Interest Rate Risk** - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investments were based on quoted market prices.

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison of Tax Rate Information**

	2016	2015	2014
Total Tax Rate	<u>\$0.991</u>	<u>\$0.989</u>	<u>\$0.946</u>
Apportionment of Tax Rate:			
Municipal	0.251	0.251	0.244
County	0.418	0.408	0.400
Regional School District	0.044	0.038	0.044
Regional High School District	0.278	0.292	0.258

**Net Valuation Taxable:**

2016	<u>\$ 1,238,443,950</u>		
2015	<u>\$ 1,235,487,081</u>		
2014		<u>\$ 1,234,684,266</u>	

**Comparison of Tax Levies and Collection Currently**

Year	Tax Levy	Cash Collections	Percentage Of Collection
2016	\$ 12,342,478.12	\$ 12,258,528.50	99.32%
2015	\$ 12,285,858.58	\$ 12,207,906.22	99.36%
2014	\$ 11,712,951.73	\$ 11,650,950.31	99.47%

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 3. Property Taxes (continued):**

**Delinquent Taxes and Tax Title Liens**

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ -	\$ 49,346.80	\$ 49,346.80	0.40%
2015	-	60,435.28	60,435.28	0.49%
2014	-	53,929.96	53,929.96	0.46%

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The Borough had no property acquired by liquidation of tax title liens on December 31, 2016.

**Note 5. Fund Balance Appropriated**

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
<b>CURRENT FUND:</b>			
2016	\$ 1,339,710.85	\$ 568,000.00	-
2015	1,291,448.43	375,000.00	29.04%
2014	1,058,703.23	346,000.00	32.68%
2013	783,844.53	135,906.09	17.34%
2012	825,603.51	390,123.49	47.25%
<b>WATER/SEWER UTILITY FUND:</b>			
2016	\$ 358,134.54	\$ 6,774.83	-
2015	276,855.91	9,745.00	3.52%
2014	224,611.28	36,902.12	16.43%
2013	213,744.00	17,515.32	8.19%
2012	206,412.60	27,872.21	13.50%

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations**

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

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Components of Net Pension Liability** - At December 31, 2016, the Municipality reported a liability of \$3,941,169.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .01331%, which was an increase of .00151% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	1,348,736.00	428,740.00
Deferred Inflows of Resources	-	42,593.00
Net Pension Liability	3,941,169.00	2,649,115.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.01331%	0.01180%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 73,294.00	\$ -
Changes of Assumptions	816,400.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	150,280.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	308,762.00	-
	\$ 1,348,736.00	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

<b>Year Ending</b>	<b>Dec 31,</b>	<b>PERS</b>
2017	\$	297,782.00
2018		297,780.00
2019		329,973.00
2020		284,214.00
2021		138,987.00
	\$	1,348,736.00

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:



**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 4,829,442.60	\$ 3,941,169.00	\$ 3,207,822.13

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

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

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

The following represents the membership tiers for PFRS:

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

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

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes

the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$173,805.00 for 2016.

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

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$4,072,065.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .02132%, which was an increase of .00204% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

Actuarial Valuation Date (including roll Forward)	<u>12/31/16</u> June 30, 2016	<u>12/31/15</u> June 30, 2015
Deferred Outflows of Resources	1,221,592.00	770,313.00
Deferred Inflows of Resources	93,700.00	171,744.00
Net Pension Liability	4,072,065.00	3,211,732.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.02132%	0.01928%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Municipality had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 26,693.00
Changes of Assumptions	564,014.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	285,321.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>372,257.00</u>	<u>67,007.00</u>
	<u>\$ 1,221,592.00</u>	<u>\$ 93,700.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

<b>Year Ending Dec 31,</b>	<b>PFRS</b>
2017	\$ 256,252.00
2018	256,250.00
2019	312,941.00
2020	215,224.00
2021	<u>87,225.00</u>
	<u>\$ 1,127,892.00</u>

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

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

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$341,952.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .02132%, which was an increase of .00204% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 4,072,065.00
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	341,952.00
Total Net Pension Liability	\$ 4,414,017.00

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$548,490.00.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u><b>PFRS</b></u>
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 6. Pension Obligations (continued):**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 5,250,629.23	\$ 4,072,065.00	\$ 3,111,016.76

**Pension Plan Fiduciary Net Position**

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

**Note 7. 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 its employees 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. Effective for financial statements dated December 31, 1987, the State has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Borough estimated the current cost of such unpaid compensation to be \$174,485.85 at December 31, 2016. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Reserve for Accumulated Leave totaled \$15,237.30 at December 31, 2016.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8. Deferred Compensation Program**

The Borough offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

**Note 9. Local District School and Regional High School Taxes**

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

The Borough has elected to defer school taxes as follows:

	Regional District School Tax		Regional High School Tax	
	2016	2015	2016	2015
Balance of Tax	\$ 136,609.50	\$ 117,634.00	\$ 1,665,088.49	\$ 1,742,505.48
Deferred	129,374.69	129,374.69	203,797.14	203,797.14
Tax Payable (Receivable)	\$ 7,234.81	\$ (11,740.69)	\$ 1,461,291.35	\$ 1,538,708.34

**Note 10. Interfunds Receivables and Payables**

The following interfunds remained as of December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 63,052.00	\$ 79,062.70
Federal and State Grant Fund	18,602.70	-
Trust - Payroll Fund	-	10,000.00
Water-Sewer Operating Fund	-	60,592.00
Water-Sewer Capital Fund	68,000.00	-
	\$ 149,654.70	\$ 149,654.70

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

The summary of interfund transfers follows:



**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 10. Interfunds Receivables and Payables (continued):**

Fund	Transfers Out	Transfers In
Current Fund	\$ 226,230.85	\$ 173,873.02
Federal and State Grant Fund	105,873.02	97,478.85
Trust - Payroll Fund	-	10,000.00
Water-Sewer Operating Fund	-	53,052.00
Water-Sewer Capital Fund	<u>68,000.00</u>	<u>65,700.00</u>
	<u>\$ 400,103.87</u>	<u>\$ 400,103.87</u>

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

**Note 11. Long-Term Debt**

**A. Capital Debt**

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

During the fiscal year ended December 31, 2016 the following changes occurred in General Capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
Bond Anticipation Notes	\$ 1,822,675.00	\$ 999,895.00	\$ (1,822,675.00)	\$ 999,895.00	\$ 999,895.00
Authorized but Not Issued	1,720,527.47	-	-	1,720,527.47	-
Total	<u>\$ 3,737,467.47</u>	<u>\$ 999,895.00</u>	<u>\$ (1,822,675.00)</u>	<u>\$ 2,720,422.47</u>	<u>\$ 999,895.00</u>

During the fiscal year ended December 31, 2016 the following changes occurred in Utility Capital debt:

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 11. Long-Term Debt (continued):**

**A. Capital Debt (continued):**

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
Bond Anticipation Notes	\$ 1,079,485.00	\$ 1,094,433.00	\$ (1,079,485.00)	\$ 1,094,433.00	\$ 1,094,433.00
NJEIT Loan Payable	960,868.02	-	(88,170.41)	872,697.61	87,027.76
Authorized but Not Issued	231,139.58	68,000.00	(68,000.00)	231,139.58	-
<b>Total</b>	<b>\$ 2,093,869.68</b>	<b>\$ 1,162,433.00</b>	<b>\$ (1,235,655.41)</b>	<b>\$ 2,198,270.19</b>	<b>\$ 1,181,460.76</b>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.281%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Regional School	\$ -	\$ -	\$ -
Water/Sewer Utility	2,198,270.59	2,198,270.59	-
General Debt	2,720,422.47	-	2,720,422.47
<b>Total</b>	<b>\$ 4,918,693.06</b>	<b>\$ 2,198,270.59</b>	<b>\$ 2,720,422.47</b>

Net Debt, \$2,720,422.47 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,259,721,920 equals 0.216%.

**Borrowing Power Under 40A:2-6:**

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 44,090,267.20
Net Debt	<u>2,720,422.47</u>
Remaining Borrowing Power	<u>\$ 41,369,844.73</u>

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 11. Long-Term Debt (continued):**

**A. Capital Debt (continued):**

**Calculation of Self-Liquidating Purposes – Water-Sewer Utility per N.J.S. 40A:2-45**

Cash Receipts From Fees, Rents & Other Charges		\$ 1,223,453.78
Deductions:		
Operating & Maintenance Costs	\$ 949,636.00	
Debt Service	165,648.43	1,115,284.43
		1,115,284.43
Excess in Revenue - Self Liquidating		\$ 108,169.35

**Summary of Municipal Debt**

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<b>Issued &amp; Outstanding:</b>			
General			
Bonds, Loans and Notes	999,895.00	1,822,675.00	2,016,940.00
Water/Sewer Utility			
Bonds, Loans and Notes	1,967,131.01	2,040,353.02	1,862,730.10
Total Debt Issued	2,967,026.01	3,863,028.02	3,879,670.10
<b>Authorized But Not Issued:</b>			
General			
Bonds, Loans and Notes	1,720,527.47	1,720,527.47	1,720,527.47
Water/Sewer Utility			
Bonds, Loans and Notes	231,139.58	231,139.58	231,139.58
Total Authorized But Not Issued	1,951,667.05	1,951,667.05	1,951,667.05
<b>Total Capital Debt</b>	<b>\$ 4,918,693.06</b>	<b>\$ 5,814,695.07</b>	<b>\$ 5,831,337.15</b>

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

<u>WATER/SEWER UTILITY DEBT</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 87,027.76	\$ 21,206.26	\$ 108,234.02
2018	94,059.13	19,406.26	113,465.39
2019	92,710.17	17,281.26	109,991.43
2020	91,361.22	15,156.26	106,517.48
2021	98,106.92	12,906.26	111,013.18
2022-2025	409,432.41	26,906.28	436,338.69
Total	\$ 872,697.61	\$ 112,862.58	\$ 985,560.19

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 12. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	Balance 12/31/2016	2017 Budget Appropriation
Current Fund:		
Special Emergency Authorization (N.J.S.A. 40A: 4-55)	\$ 99,524.80	\$ 99,524.80

The appropriations in the 2017 budget as introduced are not less than that required by the statutes.

**Note 13. Joint Insurance Pool**

During 2016, the Borough of Harvey Cedars was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

- Forgery or Alteration
- Theft, Disappearance and Destruction
- Robbery and Safe Burglary
- Computer Fraud
- Public Employee Dishonesty

The Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

Municipal Excess Liability Joint Insurance Fund  
9 Campus Drive, Suite 16  
Parsippany, New Jersey 07054

**Note 14. Fixed Assets**

The following schedule is a summarization of changes in General Fixed Assets for the fiscal year ended December 31, 2016:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 926,392.47	\$ -	\$ -	\$ 926,392.47
Land Improvements	601,459.00	-	-	601,459.00
Buildings and Improvements	1,384,625.00	-	-	1,384,625.00
Machinery & Equipment	2, 150,552.41	116,295.72	-	2,266,848.13
Total	\$5,063,028.88	\$116,295.72	\$ -	\$5,179,324.60

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 15. Post-Employment Benefits**

The Borough contributes to the State Health Benefits Program (“SHBP”), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough authorized participation in the SHBP’s post-retirement benefit program through resolution. Eligibility to participate in the SHBP’s post-retirement benefit program begins after 25 years of credited service with the Borough.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly-available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

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

The Borough currently does not contribute to post retirement benefits for any retirees.

**Note 16. Risk Management**

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Ocean County Municipal Joint Insurance Fund (“JIF”). The joint insurance pool is both an insured and self-administered group of 30 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess liability insurance for property. The Fund also purchased an excess Faithful Performance and Employee Dishonesty Bond.

**Note 17. Litigation**

**State and Federal Grants** - The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Borough estimates that no material liabilities will result from such audits.

**BOROUGH OF HARVEY CEDARS**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 17. Litigation (continued):**

**Pending Litigation** - There are no actions which have been instituted against the Borough at the present time.

**Note 18: Length of Service Awards Program**

The Borough's Length of Service Awards Program (LOSAP) was created by a Borough Ordinance adopted in 2001 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Harvey Cedars approved the adoption of the LOSAP at the general election held on November 6, 2001, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2002. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency squad members.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors.

As required by *N.J.A.C.5:30-14.49*, the Borough must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

**Note 19. Accounts Receivable**

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes, rents and other accounts receivable. All receivables are considered to be collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Borough's individual major and fiduciary funds, in the aggregate, are as follows:

	<b>Current Fund</b>	<b>State &amp; Federal Grant Fund</b>	<b>Utility Operating Fund</b>	<b>Total</b>
State Aid	\$ 750.00	\$ 158,792.43	\$ -	\$ 159,542.43
Federal Aid	-	172,291.00	-	172,291.00
Taxes	49,346.80	-	-	49,346.80
Other	3,427.24	-	39,721.53	43,148.77
	<u>\$ 53,524.04</u>	<u>\$ 331,083.43</u>	<u>\$ 39,721.53</u>	<u>\$ 424,329.00</u>

**Note 20. Subsequent Events**

The Borough of Harvey Cedars has evaluated subsequent events occurring after December 31, 2016 through the date of May 10, 2017, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR/TREASURER  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 4,141,685.20
Increased By:		
Miscellaneous Revenue Not Anticipated	\$ 82,546.51	
State of New Jersey - Senior Citizens' and Veterans' Deductions	7,750.00	
Taxes Receivable	12,157,472.26	
Revenue Accounts Receivable	621,108.93	
Due To State and Local Agencies	40,766.20	
Prepaid Taxes	145,324.42	
Petty Cash	610.00	
Various Reserves	23,771.72	
Cash Reimbursements	77,074.21	
Due Utility Capital Fund	68,000.00	
Due Federal & State Grant Fund	105,873.02	
	<u>13,330,297.27</u>	
		17,471,982.47
Decreased By:		
2016 Budget Appropriations	4,163,480.45	
2015 Appropriation Reserves	147,400.34	
Due To State and Local Agencies	43,850.02	
Petty Cash	610.00	
Tax Overpayments	7,582.67	
County Taxes Payable	5,196,787.75	
Regional School Tax	527,474.50	
Regional High School Tax	3,521,584.99	
Refund of Prior Year Revenue	14,948.00	
Due Trust - Payroll Fund	10,000.00	
Due Utility Operating Fund	53,052.00	
Due Utility Capital Fund	65,700.00	
Grant Expenditures - Appropriated	4,940.78	
Due Federal & State Grant Fund	97,478.85	
	<u>13,854,890.35</u>	
Balance, December 31, 2016		<u><u>\$ 3,617,092.12</u></u>
Current Fund		\$ 3,596,562.74
Federal & State Grant Fund		<u>20,529.38</u>
Total		<u><u>\$ 3,617,092.12</u></u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF DUE FROM STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 750.00
Increased By:		
2016 Deductions per Tax Billing		
Senior Citizens'	\$ 1,250.00	
Veterans'	<u>6,500.00</u>	
		<u>7,750.00</u>
		8,500.00
Decreased By:		
Cash Receipts		<u>7,750.00</u>
Balance, December 31, 2016		<u><u>\$ 750.00</u></u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
YEAR ENDED DECEMBER 31, 2016**

<u>Year</u>	Balance December 31, <u>2015</u>	2016 <u>Levy</u>	<u>2015</u>	<u>2016</u>	Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Adjustments/ (Cancelled)	Balance December 31, <u>2016</u>
2015	\$ 60,435.28	-	-	\$ 58,348.49	-	\$ (2,086.79)	\$ -
2016	-	12,342,478.12	152,178.21	12,098,600.29	7,750.00	(34,602.82)	49,346.80
	\$ 60,435.28	\$ 12,342,478.12	\$ 152,178.21	\$ 12,156,948.78	\$ 7,750.00	\$ (36,689.61)	\$ 49,346.80

Current Year Cash Receipts	\$ 12,157,472.26
Overpayments Applied	9,560.15
Overpayments Transferred	(10,083.63)
	<u>\$ 12,156,948.78</u>

Analysis of Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 12,272,980.16
Added and Omitted Taxes (N.J.S.A. 54:4-63.1 et seq.)	<u>69,497.96</u>
	<u>\$ 12,342,478.12</u>
Tax Levy:	
Regional School Tax	\$ 546,450.00
Regional High School Taxes	3,444,168.00
County Taxes	\$ 5,169,742.14
Due To County for Added and Omitted Taxes	<u>29,270.26</u>
	5,199,012.40
Local Tax for Municipal Purposes	3,110,116.00
Additional Tax Levied	<u>42,731.72</u>
	<u>\$ 12,342,478.12</u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$                     -

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance December 31, <u>2016</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 4,650.00	\$ 4,650.00	\$ -
Fees and Permits	-	24,386.00	24,386.00	-
Fines and Costs:				
Municipal Court	2,226.53	42,022.20	40,821.49	3,427.24
Interest and Costs on Taxes	-	23,105.22	23,105.22	-
Beach Badge Fees	-	248,002.00	248,002.00	-
Rents	-	121,989.22	121,989.22	-
Energy Receipts Tax	-	105,628.00	105,628.00	-
Uniform Construction Code Fees	-	40,527.00	40,527.00	-
Reserve for Debt Service	-	668,532.89	668,532.89	-
FEMA - Superstorm Sandy 2012	-	99,524.80	99,524.80	-
Utility Operating Surplus of Prior Year	-	12,000.00	12,000.00	-
	<u>\$ 2,226.53</u>	<u>\$ 1,390,367.33</u>	<u>\$ 1,389,166.62</u>	<u>\$ 3,427.24</u>

Cash Receipts	\$ 621,108.93
Various Reserves	<u>768,057.69</u>
	<u>\$ 1,389,166.62</u>

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**SCHEDULE OF 2015 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
Department of Public Affairs and Safety				
Director's Office:				
Other Expenses	\$ 2,175.28	\$ 2,175.28	\$ 30.67	\$ 2,144.61
Municipal Clerk:				
Salaries and Wages	1,352.70	1,352.70	-	1,352.70
Other Expenses	2,166.48	2,746.22	738.13	2,008.09
Legal Services and Costs:				
Other Expenses	15,757.25	15,932.25	175.00	15,757.25
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Board of Adjustment:				
Salaries and Wages	5,607.37	5,607.37	-	5,607.37
Other Expenses	236.52	236.52	-	236.52
Zoning Enforcement:				
Other Expenses	-	837.00	837.00	-
Police Department:				
Salaries and Wages	440.00	440.00	-	440.00
Other Expenses	10,561.72	19,174.63	11,782.82	7,391.81
Office of Emergency Management:				
Salaries and Wages	1,545.00	1,545.00	-	1,545.00
Other Expenses	1,000.00	1,000.00	1,000.00	-
Municipal Prosecutor's Office:				
Other Expenses	500.00	1,000.00	500.00	500.00
Lifeguards:				
Salaries and Wages	363.12	363.12	363.12	-
Other Expenses	294.08	15,921.27	15,622.64	298.63
Beach Operations:				
Salaries and Wages	1,929.68	1,929.68	-	1,929.68
Other Expenses	755.98	755.98	-	755.98
Department of Revenue and Finance				
Director's Office:				
Other Expenses	106.29	684.59	578.30	106.29
Financial Administration:				
Salaries and Wages	58.16	58.16	-	58.16
Audit Services	4,257.50	4,257.50	2,600.00	1,657.50
Collector of Taxes:				
Salaries and Wages	34.70	34.70	-	34.70
Tax Assessment Administration:				
Other Expenses	-	62.00	62.00	-
Department of Public Works, Parks, and Public Property				
Director's Office:				
Other Expenses	1,042.28	1,042.28	-	1,042.28
Engineering Services and Costs:				
Other Expenses	1,791.79	1,791.79	165.00	1,626.79
Road Repair and Maintenance:				
Salaries and Wages	128.78	128.78	-	128.78
Other Expenses	2,598.71	3,278.07	1,189.23	2,088.84



**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Garbage and Trash Removal:				
Other Expenses	10,414.50	10,414.50	10,414.50	-
Public Buildings and Grounds:				
Other Expenses	2,216.86	5,369.32	1,867.80	3,501.52
Vehicle Maintenance:				
Salaries and Wages	5,731.30	5,731.30	-	5,731.30
Other Expenses	-	6,809.06	3,100.49	3,708.57
Recreation:				
Salaries and Wages	46.28	46.28	-	46.28
Other Expenses	1,000.00	1,000.00	-	1,000.00
Park Maintenance:				
Other Expenses	887.44	966.89	-	966.89
Beachfront Maintenance:				
Other Expenses	9,329.34	9,329.34	-	9,329.34
Sanitary Landfill:				
Other Expenses	8,569.54	8,569.54	1,899.65	6,669.89
Special Activity:				
Other Expenses	300.52	300.52	-	300.52
Municipal Court:				
Other Expenses	1.57	1.57	-	1.57
Insurance (N.J.S.A. 40A:4-45.3(00)):				
Workers Compensation	308.59	308.59	-	308.59
Employee Group Health	8,027.07	8,501.43	474.36	8,027.07
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)				
Construction Code Official:				
Salaries and Wages	627.80	627.80	-	627.80
Other Expenses	2,279.42	2,509.58	230.16	2,279.42
UNCLASSIFIED				
Street Lighting	798.45	821.20	103.07	718.13
Telecommunications	2,795.55	3,487.74	692.19	2,795.55
Natural Gas	5,555.96	5,555.96	396.20	5,159.76
Gasoline	20,454.04	20,454.04	-	20,454.04
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	6,340.66	6,340.66	-	6,340.66
Unemployment Insurance (N.J.S.A. 43:21-3 et seq.)	1,308.16	1,308.16	-	1,308.16

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfer</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Recycling Tax	1,148.31	1,148.31	83.55	1,064.76
LOSAP	40,000.00	40,000.00	21,700.00	18,300.00
Interlocal Municipal Service Agreements:				
Code Enforcement and Administration	29,282.33	29,282.33	19,639.71	9,642.62
Animal Control Services	6,355.00	6,355.00	240.00	6,115.00
IT Services	8,650.00	8,650.00	-	8,650.00
Municipal Court Administrator	5,777.94	5,777.94	-	5,777.94
Capital Improvements:				
Vehicles - Police	8.26	48,526.01	48,517.75	8.26
VHF Radio - Upgrade	869.60	869.60	-	869.60
Lawn Mower	4,380.59	4,380.59	-	4,380.59
Playground Renovation	2,600.00	2,737.00	2,397.00	340.00
Total General Appropriations	<u>\$ 240,768.47</u>	<u>\$ 328,535.15</u>	<u>\$ 147,400.34</u>	<u>\$ 181,134.81</u>
2015 Appropriation Reserves		\$ 240,768.47		
Encumbrances Payable		<u>87,766.68</u>		
		<u>\$ 328,535.15</u>		

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**SCHEDULE OF DEFERRED CHARGES - N.J.S.A. 40A:4-54**  
**SPECIAL EMERGENCY AUTHORIZATIONS**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	Balance December 31, <u>2015</u>	Raised in 2016 <u>Budget</u>	Balance December 31, <u>2016</u>
2013	2012 Superstorm Sandy	\$ 338,624.00	\$ 103,649.60	\$ 67,724.80	\$ 35,924.80
2014	2013 Amendment to Superstorm Sandy	159,000.00	95,400.00	31,800.00	63,600.00
			<u>\$ 199,049.60</u>	<u>\$ 99,524.80</u>	<u>\$ 99,524.80</u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 87,766.68
Increased By:	
Current Appropriations	<u>138,955.23</u>
	226,721.91
Decreased By:	
Transferred To Appropriation Reserves	<u>87,766.68</u>
Balance, December 31, 2016	<u><u>\$ 138,955.23</u></u>

**BOROUGH OF HARVEY CEDARS**  
**CURRENT FUND**  
**SCHEDULE OF DUE TO/(FROM) STATE AND LOCAL AGENCIES**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Cash <u>Received</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2016</u>
State of New Jersey:				
Marriage Licenses	\$ 25.00	\$ 75.00	\$ 100.00	\$ -
Training Fees	6,301.88	10,026.00	8,781.02	7,546.86
Ocean County Construction Department:				
Plumbing/Fire Sub Code	13,218.25	30,665.20	34,969.00	8,914.45
	<u>\$ 19,545.13</u>	<u>\$ 40,766.20</u>	<u>\$ 43,850.02</u>	<u>\$ 16,461.31</u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
STATEMENT OF TAX OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 7,062.42
Increased By:		
Overpayments Created for Taxes		<u>10,083.63</u>
		10,083.63
Decreased By:		
Cash Disbursements	\$ 7,582.67	
Overpayments Applied to Taxes	<u>9,560.15</u>	
		<u>17,142.82</u>
Balance, December 31, 2016		<u><u>\$ 3.23</u></u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 152,178.21
Increased By:	
Prepaid Taxes Collected	<u>145,324.42</u>
	297,502.63
Decreased By:	
Applied To Taxes Receivable	<u>152,178.21</u>
Balance, December 31, 2016	<u><u>\$ 145,324.42</u></u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 27,045.61
Increased By:		
2016 Tax Levy:		
County Taxes	\$ 4,528,230.74	
County Library Taxes	487,571.11	
County Open Space Taxes	153,940.29	
Due To County for Added and Omitted Taxes	29,270.26	
		5,199,012.40
		5,226,058.01
Decreased By:		
Cash Disbursements		5,196,787.75
Balance, December 31, 2016		\$ 29,270.26



**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAXES  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015:		
School Tax Receivable	\$ (11,740.69)	
School Tax Deferred	<u>129,374.69</u>	
		\$ 117,634.00
Increased By:		
Levy - July 1, 2016 to June 30, 2017		<u>546,450.00</u>
		664,084.00
Decreased By:		
Cash Disbursements		<u>527,474.50</u>
Balance, December 31, 2016:		
School Tax Payable	7,234.81	
School Tax Deferred	<u>129,374.69</u>	
		<u>\$ 136,609.50</u>
 <u>2016 Liability for Regional School Tax</u>		
Tax Payable, December 31, 2016		\$ 7,234.81
Tax Paid		<u>527,474.50</u>
		534,709.31
Add:		
Tax Receivable, December 31, 2015		<u>11,740.69</u>
Amount Charged To 2016 Operations		<u>\$ 546,450.00</u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015:		
School Tax Payable	\$ 1,538,708.34	
School Tax Deferred	<u>203,797.14</u>	
		\$ 1,742,505.48
Increased By:		
Levy - July 1, 2016 to June 30, 2017		<u>3,444,168.00</u>
		5,186,673.48
Decreased By:		
Cash Disbursements	<u>3,521,584.99</u>	
		<u>3,521,584.99</u>
Balance, December 31, 2016:		
School Tax Payable	1,461,291.35	
School Tax Deferred	<u>203,797.14</u>	
		<u>\$ 1,665,088.49</u>
 <u>2016 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2016		\$ 1,461,291.35
Tax Paid		<u>3,521,584.99</u>
		4,982,876.34
Less:		
Tax Payable, December 31, 2015		<u>1,538,708.34</u>
Amount Charged To 2016 Operations		<u>\$ 3,444,168.00</u>

**BOROUGH OF HARVEY CEDARS  
CURRENT FUND  
SCHEDULE OF VARIOUS RESERVES  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Debt Service	\$ 67,578.56	\$ 21,250.00	\$ -	\$ 88,828.56
FEMA Proceeds	148,211.37	2,521.72	99,524.80	51,208.29
Acquisition of Easements	668,532.89	-	668,532.89	-
	<u>\$ 884,322.82</u>	<u>\$ 23,771.72</u>	<u>\$ 768,057.69</u>	<u>\$ 140,036.85</u>

Cash Receipts	\$ 23,771.72	\$ -	
Budget Appropriations	-	768,057.69	
	<u>\$ 23,771.72</u>	<u>\$ 768,057.69</u>	

**BOROUGH OF HARVEY CEDARS  
FEDERAL AND STATE GRANT FUND  
DUE FROM CURRENT FUND  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 1,668.53
Increased By:		
Cash Receipts by Current Fund	\$ 105,873.02	
Current Fund Match	<u>1,000.00</u>	
		<u>106,873.02</u>
		108,541.55
Decreased By:		
Cash Disbursed by Current Fund		<u>97,478.85</u>
Balance, December 31, 2016		<u><u>\$ 11,062.70</u></u>

**BOROUGH OF HARVEY CEDARS  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016**

<u>Program</u>	Balance December 31, 2015	Revenue Anticipated 2016	Transferred From Grants Unappropriated	Cash Received	Balance December 31, 2016
<b><u>Federal Grants:</u></b>					
Community Development Block Grant	\$ 33,000.00	\$ -	-	33,000.00	-
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel	45,000.00	-	-	-	45,000.00
FEMA Hazard Mitigation Grant - 80th Street Generator	97,860.00	-	-	-	97,860.00
FY 15 Homeland Security AM Radio Grant	-	15,000.00	-	13,879.00	1,121.00
CDBG Handicapped Equipment for Beach Access	-	25,000.00	-	-	25,000.00
COPS In Shops	2,160.00	2,400.00	-	2,400.00	2,160.00
Click it or Ticket	-	5,000.00	-	5,000.00	-
MPAP and CVA Report	15,000.00	-	-	15,000.00	-
Drive Sober or Get Pulled Over/Drink, Drive, Lose	-	5,000.00	-	3,850.00	1,150.00
<b><u>State Grants:</u></b>					
Clean Communities Program	84.59	6,597.54	-	6,594.54	87.59
Recycling Tonnage Grant	0.32	-	-	-	0.32
Alcohol Education and Rehabilitation	0.44	-	-	-	0.44
Body Armor Grant	-	2,479.79	1,257.75	1,221.79	0.25
Bulletproof Vest Partnership	2,518.83	-	-	-	2,518.83
Message Board Grant	-	16,975.00	-	16,975.00	-
NJ DOT Grant - Holly Avenue Road Project	144,000.00	-	-	-	144,000.00
Generator Fuel Tank	-	12,185.00	-	-	12,185.00
<b><u>Local Grants:</u></b>					
Ocean County Tourism Grant	-	1,000.00	-	1,000.00	-
Ocean County JIF Police Accreditation Grant	-	3,750.00	-	3,750.00	-
	<u>\$ 339,624.18</u>	<u>\$ 95,387.33</u>	<u>\$ 1,257.75</u>	<u>\$ 102,670.33</u>	<u>\$ 331,083.43</u>

Adopted Budget	\$ 33,233.00
Ch. 159 Budget Amendments	<u>62,154.33</u>
	<u>\$ 95,387.33</u>

**BOROUGH OF HARVEY CEDARS  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED  
YEAR ENDED DECEMBER 31, 2016**

<u>Program</u>	Balance December 31, 2015	Transferred From Budget	Transferred From Encumbrances Payable	Borough Matching Share	Expended	Transferred To Encumbrances Payable	Balance December 31, 2016
<b>Federal Grants:</b>							
Community Development Block Grant	\$ 25,952.53	\$ -	\$ -	\$ -	\$ 24,462.04	\$ 571.15	\$ 919.34
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel	43,965.00	-	-	-	667.50	-	43,297.50
FEMA Hazard Mitigation Grant - 80th Street Electrical Panel - Township Match	5,000.00	-	-	-	-	5,000.00	-
FEMA Hazard Mitigation Grant - 80th Street Generator	97,860.00	-	-	-	1,800.50	-	96,059.50
FEMA Hazard Mitigation Grant - 80th Street Generator - Township Match	2,540.00	-	-	-	-	2,540.00	-
FY 15 Homeland Security AM Radio Grant	-	15,000.00	-	-	13,879.00	-	1,121.00
CDBG Handicapped Equipment for Beach Access	-	25,000.00	-	-	-	17,134.00	7,866.00
COPS in Shops	2,520.00	2,400.00	-	-	2,400.00	-	2,520.00
MPAP and CVA Report	13,457.34	-	-	-	13,457.34	-	-
Drive Sober or Get Pulled Over/Drink, Drive, Lose Click it or Ticket	-	5,000.00	-	-	3,850.00	-	1,150.00
	-	5,000.00	-	-	5,000.00	-	-
<b>State Grants:</b>							
Alcohol Education Rehabilitation Program	2,578.81	-	-	-	-	-	2,578.81
Drunk Driving Enforcement Fund	2,301.47	-	-	-	-	-	2,301.47
Clean Communities Program	3,711.08	6,597.54	-	-	4,472.52	-	5,836.10
Recycling Tonnage Grant	20,201.84	-	47.97	-	8,143.47	65.97	12,040.37
Body Armor Fund	1,409.10	2,479.79	-	-	1,406.84	-	2,482.05
Bulletproof Vest Partnership	2,288.17	-	-	-	156.66	-	2,131.51
Message Board Grant	-	16,975.00	-	-	16,975.00	-	-
Generator Fuel Tank	-	12,185.00	-	-	-	-	12,185.00
NJ DOT Grant - Holly Avenue Road Project	144,000.00	-	-	-	-	-	144,000.00
<b>Local Grants:</b>							
Ocean County Tourism Grant	14.36	1,000.00	-	-	1,000.00	-	14.36
Ocean County Tourism Grant - Township Match	-	-	-	1,000.00	1,000.00	-	-
Ocean County JIF Police Accreditation Program	3,748.76	3,750.00	-	-	3,748.76	-	3,750.00
	\$ 371,548.46	\$ 95,387.33	\$ 47.97	\$ 1,000.00	\$ 102,419.63	\$ 25,311.12	\$ 340,253.01

**BOROUGH OF HARVEY CEDARS  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED  
YEAR ENDED DECEMBER 31, 2016**

<u>Program</u>	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	Transferred To Grants <u>Receivable</u>	Balance December 31, <u>2016</u>
Recycling Tonnage Grant	\$ 1,448.69	\$ 3,202.69	\$ -	\$ 4,651.38
Body Armor Grant	1,257.75	-	1,257.75	-
	<u>\$ 2,706.44</u>	<u>\$ 3,202.69</u>	<u>\$ 1,257.75</u>	<u>\$ 4,651.38</u>

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**TRUST FUND**

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**BOROUGH OF HARVEY CEDARS  
TRUST FUND  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2016**

	<u>Animal Control</u>	<u>Trust - Other</u>	<u>Payroll</u>
Balance, December 31, 2015	\$ 47.60	\$ 286,855.32	\$ 44,974.50
Increased By Receipts:			
Dog License Fees - Borough Share	258.40	-	-
Dog License Fees - State Portion	51.60	-	-
Trust - Other Reserves	-	196,893.74	-
Due to Current Fund	-	-	10,000.00
Reserve for Payroll Deductions	-	-	3,002,421.10
	<u>310.00</u>	<u>196,893.74</u>	<u>3,012,421.10</u>
	<u>357.60</u>	<u>483,749.06</u>	<u>3,057,395.60</u>
Decreased By Disbursements:			
Due To State of New Jersey	50.40	-	-
Trust - Other Reserves	-	219,959.87	-
Reserve for Payroll Deductions	-	-	3,048,479.90
	<u>50.40</u>	<u>219,959.87</u>	<u>3,048,479.90</u>
Balance, December 31, 2016	<u>\$ 307.20</u>	<u>\$ 263,789.19</u>	<u>\$ 8,915.70</u>

**BOROUGH OF HARVEY CEDARS  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR EXPENDITURES  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	47.60
Increased By:			
Dog License Fees Collected			258.40
			258.40
Balance, December 31, 2016			306.00

<u>Year</u>	<u>Amount</u>
2014	\$ 210.80
2015	210.80
	421.60
	\$ 421.60

**BOROUGH OF HARVEY CEDARS  
ANIMAL CONTROL FUND  
SCHEDULE OF DUE TO STATE OF NEW JERSEY  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Registration Fees Collected	<u>51.60</u>
	51.60
Decreased By:	
Cash Disbursements	<u>50.40</u>
Balance, December 31, 2016	<u><u>\$ 1.20</u></u>

**BOROUGH OF HARVEY CEDARS  
TRUST - OTHER FUND  
SCHEDULE OF TRUST - OTHER RESERVES  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2016</u>
Recreation Special Activities:				
Trust Fund	\$ 15,607.70	\$ 57,090.38	\$ 49,508.47	\$ 23,189.61
Tax Collector Trust	92,100.00	30,359.16	30,359.16	92,100.00
P.O.A.A.	98.00	256.00	100.00	254.00
Public Defender	256.00	700.00	856.00	100.00
Forfeited Funds	135.28	-	-	135.28
Cash Bonds	46,287.60	28,250.00	29,630.00	44,907.60
Trust Special	869.07	1,639.84	1,595.67	913.24
Lifeguard in Training	34,108.03	40,545.00	24,477.14	50,175.89
Inspection Costs	10,738.19	10,160.26	7,030.58	13,867.87
Street Opening Bonds	12,170.00	-	-	12,170.00
Traffic Control	3,780.00	17,730.00	13,832.50	7,677.50
Canine Trust	3,346.00	163.10	448.20	3,060.90
Accumulated Absences	67,359.45	10,000.00	62,122.15	15,237.30
	<u>\$ 286,855.32</u>	<u>\$ 196,893.74</u>	<u>\$ 219,959.87</u>	<u>\$ 263,789.19</u>

**BOROUGH OF HARVEY CEDARS**  
**LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)**  
**SCHEDULE OF INVESTMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 361,133.83
Increased By:		
Borough Contributions	\$ 57,590.00	
Appreciation on Investments	23,916.44	
		81,506.44
		442,640.27
Decreased By:		
Accounting Charges	950.00	
		950.00
Balance, December 31, 2016		\$ 441,690.27

**BOROUGH OF HARVEY CEDARS  
 LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)  
 SCHEDULE OF MISCELLANEOUS RESERVES  
 YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 361,133.83
Increased By:		
Borough Contributions	\$ 57,590.00	
Appreciation on Investments	23,916.44	
		81,506.44
		442,640.27
Decreased By:		
Accounting Charges	950.00	
		950.00
Balance, December 31, 2016		\$ 441,690.27



**BOROUGH OF HARVEY CEDARS  
PAYROLL FUND  
SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 44,974.50
Increased By:	
Cash Receipts	<u>3,002,421.10</u>
	3,047,395.60
Decreased By:	
Cash Disbursements	<u>3,048,479.90</u>
Balance, December 31, 2016	<u><u>\$ (1,084.30)</u></u>

**SCHEDULE OF DUE TO CURRENT FUND  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>10,000.00</u>
Balance, December 31, 2016	<u><u>\$ 10,000.00</u></u>

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**GENERAL CAPITAL FUND**

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**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 470,088.54
Increased By:		
Capital Improvement Fund	\$ 100,000.00	
Bond Anticipation Notes	999,895.00	
	<u>1,099,895.00</u>	<u>1,099,895.00</u>
		1,569,983.54
Decreased By:		
Improvement Authorizations	14,146.57	
Bond Anticipation Notes Rollover	999,895.00	
	<u>1,014,041.57</u>	<u>1,014,041.57</u>
Balance, December 31, 2016		<u><u>\$ 555,941.97</u></u>

**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF ANALYSIS OF CASH AND INVESTMENTS  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2016</u>
Fund Balance	\$ 17,119.34
Reserve For Encumbrances	350,000.00
Capital Improvement Fund	296,734.03

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
96-11	Restoration of Beaches	79,935.86
08-03	Road and Drainage Improvements	39,030.09
08-12	Borough's Share of Beach Replenishment Project	28,866.57
09-14	Acquisition of a Fire Engine and Related Expenses	2,645.50
11-07	Improvement To Warwick & Buckingham Avenue	14,175.24
11-13	Certain Capital Improvements	318.00
11-15	Certain Capital Improvements	6,444.54
12-02/13-08	Amend Ord 2007-16, Acquisition of Easements	(155,057.00)
12-10	Certain Capital Improvements	729.80
13-11	Improvement of Various Municipal Roadways	<u>(125,000.00)</u>
		<u>\$ 555,941.97</u>

**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
YEAR ENDED DECEMBER 31, 2016**

Improvement Authorizations	Ordinance Number	Balance December 31, 2015	Bond Anticipation Note Paid By Budget	Balance December 31, 2016	Bond Anticipation Notes	Analysis of Balance	
						Expenditures	Unexpended Improvement Authorizations
Restoration of Beaches	96-11	\$ 247,714.00	\$ 14,603.59	\$ 233,110.41	\$ 28,110.41	\$ -	\$ 205,000.00
Acquisition of Easements for Public Access	07-16/08-15/09-01/10-01/10-19/10-24/11-11/12-02/13-08	-	-	-	-	-	-
To Beach		2,181,780.93	633,344.53	1,548,436.40	398,736.47	155,057.00	994,642.93
Repair, Reconstruction and Additions to the Public Works Garage	06-08	56,677.00	3,201.54	53,475.46	53,475.46	-	-
Acquisition of Various Equipments	07-15	49,194.00	31,422.02	17,771.98	17,771.98	-	-
Road and Drainage Improvements	08-03	77,704.00	25,556.67	52,147.33	44,647.33	-	7,499.99
Borough's Share of Beach Replenishment Project	08-12	542,965.00	69,230.32	473,734.68	328,734.68	-	145,000.00
Acquisition of a Fire Engine and Related Expenses	09-14	115,690.00	41,999.33	73,690.67	73,690.67	-	-
Amend Ord 2009-02, Imp. To Cedars & Warwick Ave	10-12	23,327.54	-	23,327.54	-	-	23,327.54
Improvement To Warwick & Buckingham Avenue	11-07	123,150.00	3,422.00	119,728.00	54,728.00	-	64,999.99
Improvement of Various Municipal Roadways	13-11	125,000.00	-	125,000.00	-	125,000.00	-
		\$ 3,543,202.47	\$ 822,780.00	\$ 2,720,422.47	\$ 999,895.00	\$ 280,057.00	\$ 1,440,470.45

Improvement Authorizations - Unfunded	ORDINANCE	
Less: Unexpended Proceeds of Bond Anticipation Notes - Issued:		\$ 1,587,774.08
	96-11	62,586.21
	08-03	39,030.10
	08-12	28,866.57
	09-14	2,645.50
	11-07	14,175.25
		<u>\$ 1,440,470.45</u>

**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2015	Increase	Decrease	Balance December 31, 2016
07-15	Acquisition of Various Equipment	12/14/07	11/10/16	11/10/17	1.00%	\$ 49,194.00	\$ 17,771.98	\$ 49,194.00	\$ 17,771.98
96-11	Restoration of Beaches	12/12/08	11/10/16	11/10/17	1.00%	42,714.00	28,110.41	42,714.00	28,110.41
08-03	Road and Drainage Improvements	12/12/08	11/10/16	11/10/17	1.00%	70,204.00	44,647.33	70,204.00	44,647.33
06-08	Repair, Reconstruction and Additions to the Public Works Garage	12/12/08	11/10/16	11/10/17	1.00%	56,677.00	53,475.46	56,677.00	53,475.46
08-12	Borough's Share - Beach Replenishment Project	12/12/08	11/10/16	11/10/17	1.00%	397,965.00	328,734.68	397,965.00	328,734.68
09-14	Acquisition of Fire Engine and Related Expenses	12/10/10	11/10/16	11/10/17	1.00%	115,690.00	73,690.67	115,690.00	73,690.67
11-07	Improvement To Warwick & Buckingham Avenue	12/09/11	11/10/16	11/10/17	1.00%	58,150.00	54,728.00	58,150.00	54,728.00
12-02	Amend Ord 2007-16, Acquisition of Easements	12/06/13	11/10/16	11/10/17	1.00%	1,032,081.00	398,736.47	1,032,081.00	398,736.47
						<u>\$ 1,822,675.00</u>	<u>\$ 999,895.00</u>	<u>\$ 1,822,675.00</u>	<u>\$ 999,895.00</u>
Renewal						\$ 999,895.00	\$ -	\$ -	
Paid By Budget Appropriation						-	-	822,780.00	
Rollover						-	-	999,895.00	
						<u>\$ 999,895.00</u>	<u>\$ 1,822,675.00</u>	<u>\$ 1,822,675.00</u>	<u>\$ 999,895.00</u>



**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2016**

Improvement Authorizations	Ordinance Number	Balance December 31, 2015		2016 Authorizations	Paid	Encumbered	Balance December 31, 2016	
		Funded	Unfunded				Funded	Unfunded
Restoration of Beaches	96-11	\$ 17,959.65	\$ 267,586.21	\$ -	610.00	\$ -	\$ 17,349.65	\$ 267,586.21
Acquisition of Easements for Public Access To the Beach	07-16/08-15/09-01/10-01/10-19/10-24/11-11/12-02/13-08	-	-	-	-	-	-	-
Road and Drainage Improvements	08-03	-	1,005,350.21	-	10,707.28	-	-	994,642.93
Borough's Share of Beach Replenishment Project	08-12	-	47,140.07	-	609.98	-	-	46,530.09
Improvement To Cedars Avenue and Warwick Avenue	09-02/10-12	-	174,976.22	-	1,109.65	-	-	173,866.57
Acquisition of a Fire Engine and Related Expenses	09-14	-	23,327.54	-	-	-	-	23,327.54
Improvement To Warwick & Buckingham Avenue	11-07	-	3,255.49	-	609.99	-	-	2,645.50
Certain Capital Improvements	11-13	318.00	79,674.91	-	499.67	-	-	79,175.24
Certain Capital Improvements	11-15	6,444.54	-	-	-	-	318.00	-
Certain Capital Improvements	12-10	729.80	-	-	-	-	6,444.54	-
Repair and Maintenance of Beaches	16-14	-	-	350,000.00	-	-	729.80	-
		\$ 25,451.99	\$ 1,601,310.65	\$ 350,000.00	\$ 14,146.57	\$ 350,000.00	\$ 24,841.99	\$ 1,587,774.08

Deferred Charges - Unfunded Capital Improvement Fund

\$ -
<u>350,000.00</u>
<u>\$ 350,000.00</u>

**BOROUGH OF HARVEY CEDARS  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 546,734.03
Increased By:	
2016 Budget Appropriation	<u>100,000.00</u>
	646,734.03
Decreased By:	
Utilized To Finance Improvement Authorizations	<u>350,000.00</u>
Balance, December 31, 2016	<u><u>\$ 296,734.03</u></u>

**BOROUGH OF HARVEY CEDARS**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance December 31, <u>2015</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
96-11	Restoration of Beaches	\$ 205,000.00	\$ -	\$ 205,000.00
08-03	Road and Drainage Improvements	7,500.00	-	7,500.00
08-12	Borough's Share of Beach Replenishment Project	145,000.00	-	145,000.00
10-12	Amend Ord 2009-02, Imp. To Cedars & Warwick Avenue	23,327.54	-	23,327.54
11-07	Improvement To Warwick & Buckingham Avenue	65,000.00	-	65,000.00
12-02	Amend Ord 2007-16, Acquisition of Easements	199,699.93	-	199,699.93
13-08	Amend Ord 2007-16, Acquisition of Easements	950,000.00	-	950,000.00
13-11	Improvement of Various Municipal Roadways	125,000.00	-	125,000.00
		<u>\$ 1,720,527.47</u>	<u>\$ -</u>	<u>\$ 1,720,527.47</u>

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**WATER/SEWER UTILITY FUND**

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**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - TREASURER  
YEAR ENDED DECEMBER 31, 2016**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	\$ 378,052.48	\$ 284,125.92
Increased By Receipts:		
Miscellaneous Income	\$ 12,396.21	\$ -
Water Utility Rents	846,679.97	-
Sewer Utility Rents	365,226.06	-
Cash Reimbursements	36,125.53	-
Bond Anticipation Notes	-	1,026,433.00
Capital Improvement Fund	-	82,000.00
Due Current Fund	53,052.00	65,700.00
	<u>1,313,479.77</u>	<u>1,174,133.00</u>
	1,691,532.25	1,458,258.92
Decreased By Disbursements:		
2016 Budget Appropriations	1,174,544.68	-
2015 Appropriation Reserves	13,128.14	-
Bond Anticipation Notes	-	1,026,433.00
Improvement Authorization	-	120,853.97
	<u>1,187,672.82</u>	<u>1,147,286.97</u>
Balance, December 31, 2016	<u>\$ 503,859.43</u>	<u>\$ 310,971.95</u>

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ANALYSIS OF WATER-SEWER UTILITY CAPITAL FUND CASH  
YEAR ENDED DECEMBER 31, 2016**

		Balance December 31, <u>2016</u>
Capital Improvement Fund		\$ 73,454.00
Due from Current Fund		(68,000.00)
Fund Balance		40,343.54
<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	
02-06	Construction of Generator Housing and Generator Installation	(45,600.00)
03-07	Reconstruct Water Mains	26,960.04
06-10/06-17	Repainting and Repairs of Water Tower	(158,500.00)
07-16	Acquisition and Installation of Residential Water Meters	11,373.60
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	26,263.75
15-10	Purchase of Utility Dump Truck	65.00
15-11	Improvements to 80th Street Water Plant	296,462.02
16-03	Acquisition of Utility Truck and Related Expenses	56,000.00
16-11	Purchase of Utility Truck	52,150.00
		\$ 310,971.95



**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF WATER CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 22,276.05
Increased By:		
2016 Water Rents Levied	\$ 848,035.83	
Overpayments Created	<u>2,375.92</u>	
		<u>850,411.75</u>
		872,687.80
Decreased By:		
Cash Collections	846,679.97	
Overpayments Applied	<u>2,270.57</u>	
		<u>848,950.54</u>
Balance, December 31, 2016		<u><u>\$ 23,737.26</u></u>

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF WATER OVERPAYMENTS  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 2,270.57
Increased By:	
Transferred from Current Year Rents	<u>2,375.92</u>
	4,646.49
Decreased By:	
Applied to Current Year Rents	<u>2,270.57</u>
Balance, December 31, 2016	<u><u>\$ 2,375.92</u></u>

**BOROUGH OF HARVEY CEDARS  
 WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF SEWER CONSUMER ACCOUNTS RECEIVABLE  
 YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 16,180.48
Increased By:		
2016 Sewer Rents Levied	\$ 364,286.74	
Overpayments Created	<u>1,685.30</u>	
		<u>365,972.04</u>
		382,152.52
Decreased By:		
Cash Collections	365,226.06	
Overpayments Applied	<u>942.19</u>	
		<u>366,168.25</u>
Balance, December 31, 2016		<u><u>\$ 15,984.27</u></u>

**BOROUGH OF HARVEY CEDARS  
 WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF SEWER OVERPAYMENTS  
 YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$	942.19
Increased By:		
Transferred from Current Year Rents		1,685.30
		2,627.49
Decreased By:		
Applied to Current Year Rents		942.19
Balance, December 31, 2016	\$	1,685.30

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
YEAR ENDED DECEMBER 31, 2016**

	Balance, December 31, <u>2016 and 2015</u>
Water Tower	\$ 868,630.75
Structure, Springs and Wells	717,457.68
Pumping and Distribution	592,139.32
Meters and Meter Accessories	115,946.88
Fire Hydrants	2,088.20
Furniture and Equipment	260,196.92
Sewer Collection System	1,661,367.16
Construction of Generator Housing and Generator Installation	120,000.00
Construction of Utility Garage and Purchase of Replacement Aerator	274,817.56
Vehicles / Pick Up Truck	63,291.00
Dump Truck/Roller/Trailer	43,000.00
Salem Plant Motor	6,559.00
Purchase of Utility Truck	28,194.00
	\$ 4,753,688.47
	\$ 4,753,688.47

**BOROUGH OF HARVEY CEDARS**  
**WATER-SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**  
**YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Purpose	Ordinance		Balance	Balance
		Date	Amount	December 31, 2015	December 31, 2016
98-08	Repair Wells/Reconstruct Water Mains	11/17/98	\$ 64,000.00	\$ 64,000.00	\$ 64,000.00
01-05	Replace Filter Media and Inspect Filler Vessel at the Salem Avenue Water Plant	5/15/01	40,000.00	40,000.00	40,000.00
03-07/05-15	Reconstruct Water Mains	7/3/03	1,894,737.00	1,894,737.00	1,894,737.00
06-10/06-17	Repainting and Repairs of Water Tower	6/27/06-10/17/06	350,000.00	350,000.00	350,000.00
07-06	Acquisition and Installation of Residential Water Meters	4/24/07	280,000.00	280,000.00	280,000.00
12-11/14-05/ 14-07/14-16	Improvements to Elevated Water Tank	11/2/12	755,000.00	755,000.00	755,000.00
15-10	Purchase of Utility Dump Truck	10/22/15	52,000.00	52,000.00	52,000.00
15-11	Improvements to 80th Street Water Plant	11/10/15	300,000.00	300,000.00	300,000.00
16-03	Acquisition of Utility Truck and Related Expenses	4/1/16	56,000.00	-	56,000.00
16-08	Improvements to 77th Street Water Well	6/21/16	12,000.00	-	12,000.00
16-11	Purchase of Utility Truck	9/20/16	52,150.00	-	52,150.00
				<u>\$ 3,735,737.00</u>	<u>\$ 3,855,887.00</u>

**BOROUGH OF HARVEY CEDARS  
 WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF 2015 APPROPRIATION RESERVES  
 YEAR ENDED DECEMBER 31, 2016**

<u>Appropriation</u>	Balance December 31, <u>2015</u>	Balance After <u>Transfers</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 14,341.73	\$ 14,341.73	\$ -	\$ 14,341.73
Other Expenses	11,748.15	24,780.49	13,128.14	11,652.35
Capital Improvements:				
Capital Outlay	40,000.00	40,000.00	-	40,000.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	1,115.20	1,115.20	-	1,115.20
	<u>\$ 67,205.08</u>	<u>\$ 80,237.42</u>	<u>\$ 13,128.14</u>	<u>\$ 67,109.28</u>
Appropriations Reserves		\$ 67,205.08		
Encumbrances Payable		13,032.34		
		<u>\$ 80,237.42</u>		

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 13,032.34
Increased By:	
Current Appropriations	<u>22,087.56</u>
	35,119.90
Decreased By:	
Transferred To Appropriation Reserves	<u>13,032.34</u>
Balance, December 31, 2016	<u><u>\$ 22,087.56</u></u>



**BOROUGH OF HARVEY CEDARS  
 WATER-SEWER UTILITY OPERATING FUND  
 SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES  
 YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 10,206.39
Increased By:	
Budget Appropriation	24,426.43
	34,632.82
Decreased By:	
Paid	24,250.74
Balance, December 31, 2016	\$ 10,382.08

Analysis of Balance - December 31, 2016

	Outstanding December 31, <u>2016</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Note	\$ 1,094,433.00	1.00%	11/10/16	12/31/16	51 Days	\$ 1,546.14
Loan	490,000.00	various	08/01/16	12/31/16	5 Months	8,835.94
						\$ 10,382.08



**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS  
YEAR ENDED DECEMBER 31, 2016**

<u>Improvement Description</u>	<u>Amount</u>	<u>Date of Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
Trust Loan	\$ 850,000.00	11/01/05	8/01/17	45,000.00	4.000%			
			8/01/18-19	50,000.00	4.250%			
			8/01/20	50,000.00	4.500%			
			8/01/21-22	55,000.00	4.375%			
			8/01/23-24	60,000.00	4.375%			
			8/01/25	65,000.00	4.375%	\$ 535,000.00	\$ 45,000.00	\$ 490,000.00
Fund Loan	826,634.00	11/01/05	2/01/17	6,730.87	0.00%			
			8/01/17	35,296.89	0.00%			
			2/01/18	6,159.55	0.00%			
			2/01/18	37,899.58	0.00%			
			2/01/19	5,485.07	0.00%			
			2/01/19	37,225.10	0.00%			
			2/01/20	4,810.59	0.00%			
			8/01/20	36,550.63	0.00%			
			2/01/21	4,096.44	0.00%			
			8/01/21	39,010.48	0.00%			
			2/01/22	3,332.70	0.00%			
			8/01/22	38,246.73	0.00%			
			2/01/23	2,568.95	0.00%			
			8/01/23	40,656.99	0.00%			
			2/01/24	1,735.78	0.00%			
			8/01/24	39,823.82	0.00%			
			2/01/25	902.60	0.00%			
			8/01/25	42,164.84	0.00%	425,868.02	43,170.41	382,697.61
						\$ 960,868.02	\$ 88,170.41	\$ 872,697.61

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Purpose	Ordinance Date	Amount	December 31, 2015		2016 Authorization	Capital Improvement Fund	Encumbrances Reclassified	Paid	Encumbered	December 31, 2016	
				Funded	Unfunded						Funded	Unfunded
98-08	Repair Wells/Reconstruct Water Mains	11/17/98	\$ 64,000.00	\$ 29,075.00	\$ -	\$ -	\$ 3,564.00	\$ 32,639.00	\$ -	\$ -	\$ -	\$ -
01-05	Replace Filter Media and Inspect Filler Vessel	5/15/01	40,000.00	3,423.58	-	-	-	-	-	-	3,423.58	-
03-07/05-15	Reconstruct Water Mains	7/03/03-7/19/05	1,632,000.00	50,436.36	-	-	-	110.32	-	-	50,326.04	-
07-16	Acquisition and Installation of Residential Water Meters	4/24/07	280,000.00	17,728.12	-	-	8,000.00	14,354.52	3,283.10	8,090.50	-	-
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	11/02/12-9/5/14	755,000.00	32,873.80	-	-	221.25	6,581.30	-	-	26,513.75	-
15-10	Purchase of Utility Dump Truck	10/22/15	52,000.00	65.00	-	-	51,935.00	51,935.00	-	65.00	-	-
15-11	Improvements to 80th Street Water Plant	11/10/15	300,000.00	299,695.85	-	-	-	3,233.83	-	-	296,462.02	-
16-03	Acquisition of Utility Truck and Related Expenses	4/1/16	56,000.00	-	-	56,000.00	-	-	-	-	-	56,000.00
16-08	Improvements to 77th Street Water Well	6/21/16	12,000.00	-	-	12,000.00	-	-	-	-	-	-
16-11	Purchase of Utility Truck	9/20/16	52,150.00	-	-	-	52,150.00	-	52,150.00	-	-	-
				\$ 17,793.12	\$ 415,504.59	\$ 68,000.00	\$ 52,150.00	\$ 63,720.25	\$ 120,853.97	\$ 55,433.10	\$ 8,155.50	\$ 432,725.39

Cash Reimbursements	\$ -
Cash Disbursements	120,853.97
	\$ 120,853.97

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 43,604.00
Increased By:	
2016 Budget Appropriations	<u>82,000.00</u>
	125,604.00
Decreased By:	
Improvement Authorization Down Payment	<u>52,150.00</u>
Balance, December 31, 2016	<u><u>\$ 73,454.00</u></u>

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 5,573,019.45
Increased By:		
Transferred From Deferred Reserve		
For Amortization	\$ 52,150.00	
B.A.N.s Paid	53,052.00	
Infrastructure Trust Loans Paid	88,170.41	
	<u>193,372.41</u>	<u>193,372.41</u>
Balance, December 31, 2016		<u><u>\$ 5,766,391.86</u></u>

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 644,913.42
Increased By:		
Funding of Ord. No. # 16-11	\$ 52,150.00	52,150.00
		697,063.42
Decreased By:		
Transferred To Reserve for Amortization	52,150.00	52,150.00
Balance, December 31, 2016		\$ 644,913.42

Analysis of Balance

Ordinance Number		
98-08	\$	24,900.00
01-05		36,576.42
03-07/05-15		136,187.00
06-10/06-17		77,750.00
07-06		280,000.00
12-11/14-05/14-07/14-16		37,500.00
15-10		52,000.00
	\$	644,913.42

**BOROUGH OF HARVEY CEDARS  
WATER-SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number</u>	<u>Purpose</u>	Balance December 31, <u>2015</u>	Increased	Decreased	Balance December 31, <u>2016</u>
01-05	Replace Filter Media and Inspect Filler Vessel at Salem Avenue Water Plant	\$ 3,423.58	\$ -	\$ -	\$ 3,423.58
02-06	Construction of Generator Housing and Generator Installation	45,600.00	-	-	45,600.00
03-07/05-15	Reconstruct Water Mains	23,366.00	-	-	23,366.00
06-10/06-17	Repainting and Repairs of Water Tower	158,500.00	-	-	158,500.00
12-11/14-05/14-07/14-16	Improvements to Elevated Water Tank	250.00	-	-	250.00
16-03	Acquisition of Utility Truck and Related Expenses	-	56,000.00	56,000.00	-
16-08	Improvements to 77th Street Water Well	-	12,000.00	12,000.00	-
		\$ 231,139.58	\$ 68,000.00	\$ 68,000.00	\$ 231,139.58



**GENERAL FIXED ASSETS ACCOUNT GROUP**

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**BOROUGH OF HARVEY CEDARS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
SCHEDULE OF GENERAL FIXED ASSETS  
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2016</u>
Land	\$ 926,392.47	\$ -	\$ -	\$ 926,392.47
Land Improvements	601,459.00	-	-	601,459.00
Buildings and Improvements	1,384,625.00	-	-	1,384,625.00
Machinery and Equipment	2,150,552.41	116,295.72	-	2,266,848.13
	<u>\$ 5,063,028.88</u>	<u>\$ 116,295.72</u>	<u>\$ -</u>	<u>\$ 5,179,324.60</u>

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**COMMENTS AND RECOMMENDATIONS**

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HOLMAN | FRENIA  
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To the Honorable Mayor and  
Members of the Board of Commissioners  
Borough of Harvey Cedars  
Harvey Cedars, New Jersey 08008

We have audited the financial statements and transactions of the in the County of Ocean for the year ended December 31, 2016. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

#### GENERAL COMMENTS

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

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

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

##### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$6,000 for the period of January 1, 2016 to December 31, 2016, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

### **Collection of Interest on Delinquent Taxes**

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On December 15, 2015, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

**“BE IT RESOLVED**, by the Board of Commissioners of the Borough of Harvey Cedars, New Jersey, that:

1. A charge of eight percent (8%) per annum on the first \$1,500.00 of delinquent amounts and eighteen percent (18%) per annum on any amount in excess of \$1,500.00 of delinquencies of tax and water/sewer bills for the year 2012, and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31 of the tax year, an additional penalty of six percent (6%) shall be charged against the delinquency.
  
2. There will be a ten (10)-day grace period for quarterly tax payments and a ten (10)-day grace period for quarterly payments of water/sewer bills.
  
3. The Tax Collector is hereby authorized to hold a Lien Sale as provided for in N.J.S.A. 54:5 and is hereby authorized to send notification in lieu of two of the normal lien advertisement publications as per N.J.S.A. 54:4-104.48 and to charge \$25.00 per notice sent to each property-owner included in said Lien Sale.

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

### **Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2016 included only 2016 real estate taxes.

There was a tax sale held on February 10, 2017 and was complete.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2016	0
2015	0
2014	0

### **Deductions From Taxes**

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



## **Examination of Bills**

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

## **Municipal Court**

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

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

## **Treasurer**

### **Finding 2016-001:**

#### **Criteria or Specific Requirement:**

During our examination of the Borough's bank account reconciliations, it was noted that the Current Fund and Utility Operating Fund bank reconciliations were not performed in a timely manner.

#### **Condition:**

Cash reconciliations for the Current and Utility Operating Funds were not completed in a timely manner.

#### **Effect:**

There is an increased potential to misstate the Borough financial statements.

#### **Cause:**

Unknown.

#### **Recommendation:**

In accordance with maintaining an internal control environment that is effective in prevention and/or identification of potential financial statement misstatement, the Borough should complete timely bank reconciliations.

#### **Views of Responsible Officials and Planned Corrective Action:**

Management agrees with this finding and will address the matter as part of their corrective action plan.

#### **Follow-up on Prior Years' Findings**

In accordance with government auditing standards, our procedures included a review of all prior year findings. There were no prior year findings.

## OFFICIALS IN OFFICE

<u>Name of Officials</u>	<u>Title</u>
Jonathan Oldham	Mayor
Judith E. Gerkens	Commissioner
Michael Garofalo	Commissioner
Daina Dale	Clerk/Utility Collector
Laura Cohen	Chief Financial Officer, Tax Collector
Frank Salzer	Municipal Court Judge
Lauren Sassano	Court Administrator
Bernard Haney	Assessor
William Hierung, Jr., Esq.	Attorney
Owen, Little & Associates	Engineer

During 2016, the Borough of Harvey Cedars was provided insurance as part of the Municipal Excess Liability Joint Insurance Fund. The Government Crime Policy coverage is as follows:

Forgery or Alteration	\$ 1,000,000.00
Theft, Disappearance and Destruction	1,000,000.00
Robbery or Safe Burglary	1,000,000.00
Computer Fraud	1,000,000.00
Public Employee Dishonesty	1,000,000.00

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

**Acknowledgment**

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P. C.**

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA #483

May 10, 2017  
Toms River, New Jersey

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