

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**DECEMBER 31, 2015**

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

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

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

**Page**

**PART I – AUDITOR’S REPORT ON THE  
BOROUGH’S FINANCIAL STATEMENTS**

Independent Auditors Report	1 to 3.
-----------------------------	---------

**Exhibit**

**CURRENT FUND**

A	Balance Sheet as at December 31, 2015 and 2014 – Regulatory Basis	4 & 5.
A-1	Statement of Operations and Change in Fund Balance December 31, 2015 and 2014 – Regulatory Basis	6.
A-2	Statement of Revenues – December 31, 2015 – Regulatory Basis	7.
A-3	Statement of Expenditures – December 31, 2015 – Regulatory Basis	8 to 14.

**TRUST FUND**

B	Balance Sheet as at December 31, 2015 and 2014 – Regulatory Basis	15.
---	-------------------------------------------------------------------	-----

**CAPITAL FUND**

C	Balance Sheet as at December 31, 2015 and 2014 – Regulatory Basis	16.
C-1	Statement of Fund Balance – Regulatory Basis	17.

**GENERAL FIXED ASSETS**

F	Balance Sheet as at December 31, 2015 and 2014 – Regulatory Basis	18.
---	-------------------------------------------------------------------	-----

Notes to Financial Statements	19 to 31.
-------------------------------	-----------

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

**Page**

**PART II - SUPPLEMENTARY DATA**

Supplementary Data	32 & 33.
Officials in Office and Surety Bonds	34.

**Exhibit**

**CURRENT FUND**

A-4	Schedule of Cash	35.
A-5	Schedule of Taxes Receivable and Analysis of Tax Levy	36.
A-6	Schedule of Due from State of New Jersey for Veterans and Senior Citizens Deductions	37.
A-7	Schedule of Property Acquired for Taxes	38.
A-8	Schedule of Prepaid Taxes	39.
A-9	Schedule of Revenue Accounts Receivable	40.
A-10	Schedule of County Taxes Payable	41.
A-11	Schedule of Local District School Tax	41.
A-12	Schedule of Appropriation Reserves	42.
A-13	Schedule of Encumbrances	42.
A-14	Schedule of Various Reserves	43.
A-15	Schedule of Deferred Charges N.J.S. 40A:4-53	44.
A-16	Schedule of Grants Receivable for Federal and State Grant Fund	45.
A-17	Schedule of Appropriation Reserves for Federal and State Grant Fund	46.
A-18	Schedule of Unappropriated Reserves for Federal and State Grants	47.

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	<b><u>TRUST FUND</u></b>	
B-1	Schedule of Cash – Checking	48.
B-2	Schedule of Reserve for Dog Expenditures	49.
B-3	Schedule of Dog Fees Due State	49.
B-4	Schedule of Reserve – Unemployment Insurance	49.
B-5	Schedule of Reserve for Developer’s Account	50.
B-6	Schedule of Reserve for Park Restoration	50.
B-7	Schedule of Reserve – Various Trust Funds	51.
B-8	Schedule of Reserve for Recreation	52.
B-9	Schedule of Reserve for Public Defender	52.
B-10	Schedule of Assessments Receivable	53.
	<b><u>CAPITAL FUND</u></b>	
C-2	Schedule of Cash - Checking	54.
C-3	Schedule of Cash and Investments	55.
C-4	Schedule of Deferred Charges to Future Taxation – Unfunded	56.
C-5	Schedule of Improvement Authorizations	57.
C-6	Schedule of Capital Improvement Fund	58.
C-7	Schedule of Bond Anticipation Notes	59.
C-8	Schedule of Due From Assessment Trust	60.
C-9	Schedule of Bonds and Notes Authorized But Not Issued	61.

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>PART III – REPORT ON INTERNAL CONTROLS</u></b>	
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	62 & 63.
<b><u>PART IV – GENERAL COMMENTS AND RECOMMENDATIONS</u></b>	
General Comments	64 to 66.
Prior Year Recommendations	66.
Current Year Recommendations	66.
Appreciation	66.

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**PART I**

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

**FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

# *Robert A. Hulsart and Company*

CERTIFIED PUBLIC ACCOUNTANTS

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

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
P.O. Box 1409  
Wall, New Jersey 07719-1409  
(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Interlaken  
County of Monmouth  
Interlaken, New Jersey 07712

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements - regulatory basis of the various funds and account groups of the Borough of Interlaken (the "Borough"), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related consolidated statement of revenues - regulatory basis and consolidated statement of expenditures - regulatory basis of the various funds for the year ended.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

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

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

As discussed more fully in Note 1, the Borough prepares its basic consolidated financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

### **Opinion**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2015 and 2014, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2015 on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2016 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming opinion on the consolidated financial statements of the Borough taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

---

*Robert A. Hulsart and Company*

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

March 30, 2016

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****BALANCE SHEET - CURRENT FUND****Exhibit A  
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Assets</u></b>			
Cash	A-4	\$ 1,195,007.76	1,137,474.58
Petty Cash		357.30	357.30
		<u>1,195,365.06</u>	<u>1,137,831.88</u>
Receivables with Full Reserves:			
Delinquent Taxes	A-5	18,965.93	23,099.31
Property Acquired for Taxes at Assessed Valuation	A-7	11,700.00	11,700.00
Accounts Receivable	A-9	1,723.55	25.00
		<u>32,389.48</u>	<u>34,824.31</u>
Deferred Charges:			
Emergency-40A:4-53	A-15	20,000.00	68,160.00
Total Current Fund		<u>1,247,754.54</u>	<u>1,240,816.19</u>
<b><u>State and Federal Grants</u></b>			
Interfund Current	Contra	37,808.77	39,104.10
Grants Receivable	A-16	10,000.00	10,000.00
Total State and Federal Grants		<u>47,808.77</u>	<u>49,104.10</u>
Total Assets		<u>\$ 1,295,563.31</u>	<u>1,289,920.29</u>

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

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****BALANCE SHEET - CURRENT FUND****REGULATORY BASIS****DECEMBER 31****Exhibit A  
Sheet 2 of 2**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Liabilities:			
Due State Veterans and Senior Citizens	A-6	\$ 2,925.72	2,675.72
Tax Overpayments	A-4	12,633.75	1,024.16
Various Reserves	A-14	11,618.77	11,618.77
Reserve for Accumulated Leave	A-14	10,899.03	10,899.03
Interfund Grants	Contra	37,808.77	39,104.10
Accounts Payable	A-4	100.00	100.00
Prepaid Taxes	A-8	29,986.91	50,738.18
Appropriation Reserves	A-3	184,630.74	169,894.56
Encumbrances	A-13	12,633.75	4,195.34
Due County for Added Tax	A-10	705.06	406.13
Local District School Taxes	A-11	428,901.50	429,598.50
Total Liabilities		<u>732,844.00</u>	<u>720,254.49</u>
Reserve for Receivables		32,389.48	34,824.31
Fund Balance	A-1	<u>482,521.06</u>	<u>485,737.39</u>
Total Current Fund		<u>1,247,754.54</u>	<u>1,240,816.19</u>
<b><u>State and Federal Grant Fund</u></b>			
Appropriated Reserves	A-17	47,396.24	45,835.56
Unappropriated Reserves	A-18	412.53	3,268.54
Total State and Federal Grants		<u>47,808.77</u>	<u>49,104.10</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 1,295,563.31</u>	<u>1,289,920.29</u>

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

STATEMENT OF OPERATIONS AND CHANGEIN FUND BALANCE - CURRENT FUNDREGULATORY BASISDECEMBER 31

		Year	
	Ref.	2015	2014
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance	A-2	\$ 226,739.82	230,159.54
Miscellaneous Revenue Anticipated	A-2	194,694.87	194,372.44
Receipts from Delinquent Taxes	A-2	23,099.31	14,782.78
Receipts from Current Taxes	A-2	3,432,732.52	3,438,106.88
Non-Budget Revenue	A-2	26,423.53	72,301.68
Other Credits to Income:			
Appropriation Reserves Lapsed	A-12	151,894.97	156,244.09
Current Year Appropriations Cancelled	A-3	29.99	2,335.43
		<u>4,055,615.01</u>	<u>4,108,302.84</u>
<b><u>Expenditures</u></b>			
Inside CAP:			
Salaries and Wages	A-3	438,185.00	417,695.00
Other Expenses	A-3	505,216.00	481,304.00
Deferred Charges and Statutory Expenditures	A-3	75,052.00	81,515.00
Excluded from CAP:			
Salaries and Wages	A-3	10.00	10.00
Other Expenses	A-3	970,958.54	961,558.78
Capital Improvement Fund	A-3	25,000.00	74,490.00
Debt Service	A-3	159,260.00	147,369.00
Deferred Charges	A-3	48,160.00	48,160.00
County Taxes	A-10	773,796.68	793,482.25
Local District School Taxes	A-11	834,003.00	835,397.00
Other-Adjustment	A-4	2,400.80	
		<u>3,832,042.02</u>	<u>3,840,981.03</u>
Excess Revenue(Deficit)		223,572.99	267,321.81
Fund Balance January 1	A	485,737.39	448,575.12
Decreased by:			
Utilized as Revenue	A-2	<u>226,789.32</u>	<u>230,159.54</u>
Fund Balance December 31	A	<u>\$ 482,521.06</u>	<u>485,737.39</u>

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

CURRENT FUNDSTATEMENT OF REVENUES - DECEMBER 31, 2015REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 226,739.82	226,739.82	
<b><u>Miscellaneous Revenues</u></b>				
Fines and Costs:				
Municipal Court	A-9	32,000.00	30,777.04	(1,222.96)
Interest and Costs on Taxes	A-9	3,669.00	3,430.62	(238.38)
Interest on Investments and Deposits	A-9	3,944.00	5,310.67	1,366.67
Cablevision Franchise Fee	A-9	8,701.00	8,747.00	46.00
Energy Receipts Tax (P.L. 1997 Ch. 162 & 167)	A-9	107,023.00	107,023.00	-
Uniform Construction Code Fees	A-9	30,470.00	30,599.00	129.00
Certificate of Occupancy	A-9	1,327.00	1,539.00	212.00
Recycling Tonnage	A-17	2,677.74	2,677.74	-
Clean Communities Program	A-17	4,000.00	4,000.00	-
Alcohol Education & Rehabilitation	A-17	590.80	590.80	
Total Miscellaneous Revenues	A-1	194,402.54	194,694.87	292.33
Receipts from Delinquent Taxes	A-1	23,099.31	23,099.31	-
Amount to be Raised by Taxes in Support of Municipal Budget	A-2	1,844,440.12	1,891,773.09	47,332.97
		2,288,681.79	2,336,307.09	47,625.30
Non-Budget Revenue	A-1		26,423.53	
Total General Revenue		\$2,288,681.79	2,362,730.62	47,625.30
<b><u>Analysis of Realized Revenues</u></b>				
<b><u>Current Tax Collections</u></b>				
Collections	A-1		\$ 3,432,732.52	
Add: "Reserve for Uncollected Taxes"	A-3		66,840.25	
			3,499,572.77	
Less: Allocated to School and County Taxes	A-5		1,607,799.68	
Balance For Support of Municipal Budget	A-2		\$ 1,891,773.09	
<b><u>Non-Budget Revenue</u></b>				
Administration Fees			\$ 370.00	
DMV Fines			1,850.00	
Health Insurance Dividends			14,410.69	
Tree Removal Permits			250.00	
Sidewalk Repair Permits			250.00	
Zoning Permits			900.00	
Registrar Fees			206.00	
Street Opening Permits			750.00	
Verizon			7,206.25	
Other			230.59	
	A-4			\$ 26,423.53

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
<b><u>General Government</u></b>					
Mayor And Council	\$ 2,000.00	2,000.00	384.00	1,616.00	
Other Expenses					
Municipal Clerks Office	90,000.00	90,000.00	83,370.57	6,629.43	
Salaries and Wages	25,125.00	25,125.00	16,301.62	8,823.38	
Other Expenses					
Financial Administration	55,100.00	55,100.00	55,069.03	30.97	
Salaries and Wages	14,100.00	14,100.00	6,633.65	7,466.35	
Other Expenses	11,500.00	11,500.00	11,500.00	-	
Other Expenses-Audit					
Assessment of Taxes					
Salaries and Wages	4,800.00	4,800.00	4,751.04	48.96	
Other Expenses	2,375.00	4,375.00	3,952.04	422.96	
Collection of Taxes					
Salaries and Wages	28,900.00	28,950.00	28,816.41	133.59	
Other Expenses	6,100.00	6,100.00	3,719.00	2,381.00	
Legal Services and Costs					
Other Expenses	43,750.00	36,650.00	17,801.34	18,848.66	
Engineering Services and Costs					
Other Expenses	10,000.00	10,000.00	4,835.00	5,165.00	
Municipal Court					
Salaries and Wages	31,850.00	31,850.00	29,276.77	2,573.23	
Other Expenses	5,100.00	5,100.00	1,274.65	3,825.35	
Public Defender					
Other Expenses	1,600.00	1,600.00	1,200.00	400.00	

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

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

Exhibit A-3  
Sheet 2 of 7

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
<b><u>Land Use Administration</u></b>					
Planning Board -Municipal Land Use Law					
N.J.S.A. 40:5-50-1					
Salaries and Wages	3,510.00	3,510.00	3,478.55	31.45	
Other Expenses	3,150.00	3,150.00	1,053.77	2,096.23	
Code Enforcement & Administration					
Salaries and Wages	4,500.00	4,550.00	4,486.38	63.62	
<b><u>Public Safety</u></b>					
Fire-Other Expenses					
Fire Hydrant Service	18,000.00	18,000.00	14,965.25	3,034.75	
Municipal Prosecutor					
Other Expenses	6,650.00	6,650.00	5,000.00	1,650.00	
Insurance					
Health Benefit Waiver	10,000.00	10,000.00	10,000.00	-	
Liability	20,572.00	20,572.00	19,480.66	1,091.34	
Workmens Compensation	25,124.00	25,824.00	25,823.20	0.80	
Employee Group Health	120,225.00	119,525.00	98,534.32	20,990.68	
<b><u>Public Works</u></b>					
Street and Roads Maintenance					
Salaries and Wages	194,500.00	194,500.00	190,539.42	3,960.58	
Other Expenses	20,600.00	20,600.00	12,401.92	8,198.08	
Other Public Works Functions					
Shade Tree Commission	8,800.00	8,800.00	6,849.05	1,950.95	

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

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
Recycling					
Salaries and Wages	3,600.00	3,600.00	3,533.36	66.64	
Other Expenses	25,500.00	25,500.00	17,682.00	7,818.00	
Public Buildings and Grounds					
Other Expenses	18,600.00	18,600.00	10,272.37	8,327.63	
Vehicle Maintenance					
Other Expenses	14,630.00	14,630.00	9,332.49	5,297.51	
<b><u>Health and Human Services</u></b>					
Service of Monmouth County Organization for					
Social Service-Contracts(R.S. 40:13):	700.00	700.00	495.00	205.00	
Board of Health					
Contractual P.L. 1975, ch. 329	5,155.00	5,155.00	5,155.00	-	
Dog Regulation					
Other Expenses	2,600.00	2,600.00	2,268.00	332.00	
<b><u>Parks and Recreation</u></b>					
Parks and Playgrounds					
Other Expenses	6,800.00	6,800.00	2,731.14	4,068.86	
<b><u>Education</u></b>					
Expenses of Participation in Free County Library					
Salaries and Wages	5,200.00	5,200.00	5,136.08	63.92	
<b><u>Uniform Construction Code - Appropriations</u></b>					
<b><u>Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u></b>					
State Uniform Construction Code					
Construction Officials N.J.S.A. 52:27D-120-5 seq.					
Salaries and Wages	9,800.00	9,860.00	9,859.53	0.47	
Other Expenses	400.00	490.00	478.00	12.00	

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



**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

Exhibit A-3  
Sheet 4 of 7

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
Electrical Inspection	2,250.00	2,350.00	2,339.73	10.27	
Salaries and Wages					
Plumbing Inspection	2,200.00	2,350.00	2,320.75	29.25	
Salaries and Wages					
Fire Sub-Code Official	1,975.00	1,975.00	1,912.00	63.00	
Salaries and Wages					
<b><u>Other Operating Functions</u></b>					
Deal Lake Commission(N.J.S. 40:48B-1)	10,000.00	10,000.00	10,000.00	-	
Other Expenses					
<b><u>Utilities</u></b>					
Electric	8,000.00	8,000.00	6,451.83	1,548.17	
Street Lighting	23,800.00	23,800.00	14,044.77	9,755.23	
Telephone	9,760.00	9,960.00	9,033.98	926.02	
Water	3,000.00	3,000.00	2,322.69	677.31	
Natural Gas	7,500.00	7,500.00	4,315.46	3,184.54	
Landfill Solid Waste Disposal:					
Dumping Fees	10,000.00	10,000.00	9,009.26	990.74	
Total Operations Within CAPS	939,401.00	935,001.00	790,191.08	144,809.92	-
Contingent	4,000.00	4,000.00		4,000.00	
Total Operations Including Contingent Within CAPS	943,401.00	939,001.00	790,191.08	148,809.92	-

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

**Deferred Charges and Statutory Expenditures Within CAPS**

Statutory Expenditure-Contribution To:

Public Employees Retirement System

Social Security System (O.A.S.I.)

Unemployment Insurance

Total Deferred Charges and Statutory Expenditures

Total General Approp. For Municipal Purposes Within CAPS

**Operations - Excluded From "CAPS"**

Recycling Tax

Sewer Fees-Ocean Township Sewer Authority

Total Other Operations Excluded from CAPS

**Interlocal Municipal Service Agreement**

Ocean Township - Purchase of Gasoline & Fuel Oil

Borough of Deal:

Police Services

Borough of Allenhurst:

Share of Fire & First Aid Interest & Amort. Per Contract

Fire and First Aid Services

First Aid-Part Time Driver

Garbage and Trash Removal

LOSAP

Total Interlocal Municipal Service Agreements

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
	40,042.00	40,042.00	40,042.00	-	
	35,000.00	35,000.00	31,580.38	3,419.62	
	10.00	10.00		10.00	
	<u>75,052.00</u>	<u>75,052.00</u>	<u>71,622.38</u>	<u>3,429.62</u>	
	1,018,453.00	1,014,053.00	861,813.46	152,239.54	-
	725.00	725.00		725.00	
	195,144.00	195,144.00	164,245.65	30,898.35	
	<u>195,869.00</u>	<u>195,869.00</u>	<u>164,245.65</u>	<u>31,623.35</u>	-
	16,000.00	16,000.00	5,688.90	10,311.10	
	564,258.00	564,258.00	564,258.00	-	
	2,985.00	2,985.00		2,985.00	
	25,420.00	25,420.00	25,420.00	-	
	10.00	10.00		10.00	
	152,700.00	152,700.00	152,700.00	-	
	6,458.00	10,858.00	10,762.50	95.50	
	<u>767,831.00</u>	<u>772,231.00</u>	<u>758,829.40</u>	<u>13,401.60</u>	-

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

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
<b><u>Public and Private Programs Offset by Revenue</u></b>					
Recycling Tonnage	2,677.74	2,677.74	2,677.74		
Other Expenses					
Alcohol Education & Rehabilitation					
Other Expenses	590.80	590.80	590.80	-	
Clean Communities					
Other Expenses		4,000.00		-	
Total Public and Private Programs Offset by Revenue	3,268.54	7,268.54	7,268.54	-	-
<b><u>Capital Improvements - Excluded From "CAPS"</u></b>					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	
Total Capital Improvements - Excluded from "CAPS"	25,000.00	25,000.00	25,000.00	-	-
<b><u>Municipal Debt Service - Excluded From "CAPS"</u></b>					
Payment of Bond Anticipation Notes and Capital Notes	120,029.00	120,029.00	120,029.00	-	-
Interest on Notes	7,900.00	7,900.00	7,870.55	-	29.45
Lease/Purchase Aerial Pumper Combo Truck	31,331.00	31,331.00	31,330.46		0.54
Total Municipal Debt Service Excluded From CAPS	159,260.00	159,260.00	159,230.01	-	29.99
<b><u>Deferred Charges - Excluded from "CAPS"</u></b>					
Special Emergency Authorization (N.J.S. 40A:4-55)	48,160.00	48,160.00	48,160.00		
Total Deferred Charges-Municipal-Excluded from "Caps"	48,160.00	48,160.00	48,160.00		

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

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - DECEMBER 31, 2015**

**REGULATORY BASIS**

	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Cancelled</u></b>
Total General Appropriations Excluded From CAPS	1,199,388.54	1,207,788.54	1,162,733.60	45,024.95	29.99
Subtotal General Appropriations	2,217,841.54	2,221,841.54	2,024,547.06	197,264.49	29.99
Reserve for Uncollected Taxes	66,840.25	66,840.25	66,840.25	-	
Total General Appropriations	<u>\$ 2,284,681.79</u>	<u>2,288,681.79</u>	<u>2,091,387.31</u>	<u>197,264.49</u>	<u>29.99</u>

A A-1

**Ref.**

**Budget After Modification**

Budget as Adopted \$2,284,681.79  
 Added N.J.S. 40A:4-87 4,000.00

\$ 2,288,681.79

**Analysis of Paid or Charged**

Disbursed	\$ 1,956,484.77
Federal and State Grants	7,268.54
Deferred Charges	48,160.00
Encumbrances	12,633.75
Reserve for Uncollected Taxes	66,840.25
	<u>\$ 2,091,387.31</u>

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

BALANCE SHEET - TRUST FUNDREGULATORY BASISDECEMBER 31

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Dog License Fund</u>			
Cash	B-1	\$ 7,416.30	6,691.50
Due from State - Overpayment	B-3		1.20
		<u>7,416.30</u>	<u>6,692.70</u>
<u>Other Trust Funds</u>			
Cash	B-1	117,018.13	120,835.27
Accounts Receivable-Assessments	B-10	25,378.20	
		<u>142,396.33</u>	<u>120,835.27</u>
Total Assets		<u>\$ 149,812.63</u>	<u>127,527.97</u>
<u>Liabilities and Reserves</u>			
<u>Dog License Fund</u>			
Reserve for Expenditures	B-2	\$ 7,416.30	6,692.70
Total Dog License Fund		<u>7,416.30</u>	<u>6,692.70</u>
<u>Other Trust Funds</u>			
Reserve for Unemployment Account	B-4	58,936.87	58,962.37
Due Capital- Assessments	C		17,554.00
Assessments-Sidewalks	B-10	41,250.00	
Reserve for Developers Deposits	B-5	10,187.28	9,065.78
Reserve for Park Restoration	B-6	3,249.23	3,249.23
Reserve for Recreation	B-8	13,072.22	16,311.26
Reserve for Public Defender	B-9	2,338.20	2,338.20
Various Reserves	B-7	13,362.53	13,344.53
Total Other Trust Funds		<u>142,396.33</u>	<u>120,825.37</u>
Total Liabilities and Reserves		<u>\$ 149,812.63</u>	<u>127,518.07</u>

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

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****Exhibit C****BALANCE SHEET - GENERAL CAPITAL FUND****REGULATORY BASIS****DECEMBER 31**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Cash	C-2	\$ 385,438.19	155,433.46
Receivables:			
Due From Assessment Fund	C-3		17,554.00
Grants Receivable	C-3	191,037.56	230,501.56
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,261,262.99	1,167,101.19
Total Assets		<u>\$ 1,837,738.74</u>	<u>1,570,590.21</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Bond Anticipation Notes	C-7	\$ 851,944.00	631,398.00
Capital Improvement Fund	C-6	15,616.80	1,890.00
Encumbrances	C-3		176,776.00
Reserve For Garage Repairs	C-2	4,219.50	4,219.50
Improvement Authorizations:			
Funded	C-5	389,046.97	265,689.79
Unfunded	C-5	575,043.39	488,748.84
Fund Balance	C-1	<u>1,868.08</u>	<u>1,868.08</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,837,738.74</u>	<u>1,570,590.21</u>

There were Bonds and Notes Authorized but Not Issued of \$446,818.99 as of December 31, 2015 and \$573,203.19 at December 31, 2014 (Exhibit C-9).

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****GENERAL CAPITAL FUND****Exhibit C-1****STATEMENT OF FUND BALANCE****REGULATORY BASIS**

	<b><u>Ref.</u></b>	
Balance December 31, 2014 and 2015	C	<b><u>\$ 1,868.08</u></b>

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

FIXED ASSETS ACCOUNT GROUP

Exhibit F

BALANCE SHEET - REGULATORY BASISDECEMBER 31

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Land	\$ 483,500.00	483,500.00
Building and Site Improvements	417,527.00	417,527.00
Machinery and Equipment	<u>623,013.61</u>	<u>623,013.61</u>
Total General Fixed Assets	<u>\$ 1,524,040.61</u>	<u>1,524,040.61</u>
<u>Liabilities</u>		
Reserve for Fixed Assets	<u>\$ 1,524,040.61</u>	<u>1,524,040.61</u>

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



**BOROUGH OF INTERLAKEN****NOTES TO FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2015****NOTE 1: Summary of Significant Accounting Policies****A. Reporting Entity**

Except as noted below, the financial statements of the Borough of Interlaken, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Interlaken as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid organization or volunteer fire company, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2014.

**B. Description of Funds**

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

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

**Trust Fund** – 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 general capital facilities, other than those required in the Current Fund.

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

**General Fixed Assets** – account for the fixed assets of the Borough.

**Grant Funds** – record Federal and State grants.

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

### **C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

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

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet 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.

**Expenditures** – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

**Interfunds** – 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.

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

**General Fixed Assets** – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value.

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

**C. Basis of Accounting (Continued)**

**General Fixed Assets (Continued)** - No depreciation has been provided for in the financial statements.

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

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

**D. Financial Statements**

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

**E. Budgets and Budgetary Accounting**

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

**NOTE 2: Cash and Cash Equivalents**

**A. Deposits**

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000.00.

The carrying amount of the Borough's deposits at year-end was \$1,790,542.87. Of this amount \$500,000.00 was covered by Federal depository insurance, the remaining \$1,290,542.87 was covered by a collateral pool maintained by the banks required by New Jersey statutes.

**NOTE 2: Cash and Cash Equivalents (Continued)**

**A. Deposits (Continued)**

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

**B. Investments**

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

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

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

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

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

**NOTE 2: Cash and Cash Equivalents (Continued)****C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Insured:		
FDIC	\$ 500,000.00	500,000.00
GUDPA	<u>1,290,542.87</u>	<u>1,052,531.21</u>
	<u>\$ 1,790,542.87</u>	<u>1,552,531.21</u>

**NOTE 3: Bonds and Notes Authorized but not Issued**

At December 31, 2015 the Borough of Interlaken had authorized but not issued bonds and notes as follows:

General Capital - \$446,818.99

**NOTE 4: Long-Term Debt**

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

**NOTE 4: Long-Term Debt (Continued)****Summary of Municipal Debt**

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<b><u>Issued</u></b>			
Notes	\$ 851,944.00	631,398.00	608,427.00
Net Debt Issued	<u>851,944.00</u>	<u>631,398.00</u>	<u>608,427.00</u>
<b><u>Authorized but Not Issued</u></b>			
General:			
Bonds and Notes	<u>446,818.99</u>	<u>573,203.19</u>	<u>638,743.19</u>
Total Authorized but Not Issued	<u>446,818.99</u>	<u>573,203.19</u>	<u>638,743.19</u>
Net Bonds and Notes Authorized but Not Issued	<u>\$ 1,298,762.99</u>	<u>1,204,601.19</u>	<u>1,247,170.19</u>

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.19%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 1,298,762.99	—	<u>1,298,762.99</u>
	<u>\$ 1,298,762.99</u>	<u>-0-</u>	<u>1,298,762.99</u>

Net debt \$1,298,762.99 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended  
 $\$246,620,000.00 = 0.527\%$ .

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

3 ½% of Equalized Valuation Basis (Municipal)	\$ 8,631,000.00
Net Debt	<u>1,298,762.99</u>
Remaining Borrowing Power	<u>\$ 7,332,237.01</u>

**Changes in Outstanding Debt**

Transactions for the year ended December 31, 2015 are summarized as follows:

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2015</u>
<b><u>General Capital Fund</u></b>				
Bond Anticipation Notes	<u>\$ 631,398.00</u>	<u>340,575.00</u>	<u>120,029.00</u>	<u>851,944.00</u>

**NOTE 5: Bond Anticipation Notes**

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing 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.

**NOTE 6: Fixed Assets and Fixed Capital**

Fixed assets and fixed capital activity for the year ended December 31, 2015 was as follows:

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015 &amp; 2014</u></b>
<b><u>Fixed Assets</u></b>	
Land	\$ 483,500.00
Buildings and Site Improvements	417,527.00
Machinery and Equipment	<u>623,013.61</u>
	<u>\$ 1,524,040.61</u>

**NOTE 7: Deferred Charges to Future Taxation Funded and Unfunded**

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

**NOTE 8: Deferred Charges to be Raised in Succeeding Budgets**

As noted in Note 2, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, there were the following deferred charges:

Current Fund:	
N.J.S.A. 40A:4-53	\$ 20,000.00

**NOTE 9: Taxes Collected in Advance**

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<b><u>Balance December 31</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Prepaid Taxes	\$ 29,986.91	50,738.18

**NOTE 10: Assessment and Collection of Property Taxes**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1<sup>st</sup> in each year and filed with the County Board of Taxation (“Board”) by January 10<sup>th</sup> of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3<sup>rd</sup>, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (“Collector”) on or before May 13<sup>th</sup>. Tax bills are prepared, then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1<sup>st</sup> and November 1<sup>st</sup> of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year’s tax. The preliminary payments are due and payable on February 1<sup>st</sup> and May 1<sup>st</sup>. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers.

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

**NOTE 11: Fund Balances Appropriated**

Fund balances at December 31, 2015 which were appropriated and included as anticipated revenue in the 2016 municipal budget for the year ending December 31, 2016 were as follows:

Current Fund:	
Fund Balance	\$ 226,740.00

**NOTE 12: Pensions****A. Public Employee’s Retirement System (PERS)**

**Plan Description** – The State of New Jersey, Public Employee’s 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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for PERS:

<b><u>Tier</u></b>	<b><u>Definition</u></b>
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



**NOTE 12: Pensions (Continued)****A. Public Employee's Retirement System (PERS) – (Continued)**

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

**Contributions** – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employers portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$40,042 for 2015.

**Components of Net Pension Liability** – At December 31, 2015, the Borough reported a liability of \$1,256,383 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Borough's proportion measured as of June 30, 2015, was .00560%, which was an increase of .00074% from its proportion measured as of June 30, 2014.

	<u><b>Dec. 31, 2015</b></u> July 1, 2015	<u><b>Dec. 31, 2014</b></u> July 1, 2014
Actuarial Valuation Date		
Net Pension Liability	1,256,383	909,399
District's Portion of the Plan's Total Net Pension Liability	0.00560%	0.00486%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$85,191.

**NOTE 12: Pensions (Continued)****A. Public Employee's Retirement System (PERS) (Continued)**

**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>PERS</u>
Measurement Date	June 30, 2015
Actuarial Valuation Date	July 1, 2014
Interest Rate	7.90%
Salary Scale	2012-2021 – 2.15-4.40% Based on Age Thereafter – 3.15-5.40% Based on Age
Inflation Rate	3.04%

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

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

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

**NOTE 12: Pensions (Continued)****A. Public Employee's Retirement System (PERS) (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade to Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100%	

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	<u>Decrease (3.90%)</u>	<u>Discount Rate (4.90%)</u>	<u>Increase (5.90%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 1,561,530	1,256,383	1,000,550

**NOTE 13: Deferred Compensation Plan**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are for the exclusive benefit of the Plan participants and their beneficiaries and the assets cannot be diverted to any other purpose. The Borough serves as Trustee under the Plan. The balance at December 31, 2015 is \$108,090.91.

**NOTE 14: Interfund Balances**

The following interfund balances existed as of December 31, 2015:

	<u>Due To</u>	<u>Due From</u>
Current	\$	37,808.77
Grant Fund	<u>37,808.77</u>	<u>                    </u>
	<u>\$ 37,808.77</u>	<u>37,808.77</u>

**NOTE 15: 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 was a member of the Monmouth County Municipal Joint Insurance Fund in 2015. The joint insurance pool is both an insured and self-administered group of twenty-four municipalities, one authority and four boards of education, established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal excess Liability Program which has a contract for excess liability insurance for property. There were no settlements in excess of insurance coverage in 2015, 2014 and 2013.

**NOTE 16: Contingent Liabilities****A. Litigation**

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

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

**NOTE 16: Contingent Liabilities (Continued)****B. Federal and State Grants**

The Borough receives financial assistance from the U.S. government and the State of New Jersey 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, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of December 31, 2015, the Borough estimates that no material liabilities will result from such audits.

**NOTE 17: Disbandment of the Borough Police Department**

An agreement effective January 1, 2011 was entered into with the Borough of Deal for a ten year period ending December 31, 2020. The cost for 2015 is \$564,258.00 and the cost for the ensuing years is based on the average of the last three years police budgets for the Borough of Deal. 26.1% of this amount will establish the annual cost for the following year.

**NOTE 18: Shared Services Agreement The Borough of Allenhurst for Purchase of a Fire Truck**

On April 21, 2010 a joint service agreement was entered into with the Borough of Allenhurst to share in the cost of purchasing a fire truck with the Borough of Allenhurst and the Village of Loch Arbour. Interlaken's share of the cost to be 41% or \$31,330.46 per year for ten years based on an agreement with Allenhurst for fire protection of which section 4.1.1 provides that upon approval of same, Interlaken is obligated to pay this amount which was approved by Interlaken. The total cost of the truck including interest is \$864,167.50.

**NOTE 19: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2015. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2015 through March 30, 2016.

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**PART II**

**SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2015**

**COMPARATIVE SCHEDULE OF FUND BALANCES**

<b><u>Current Fund</u></b>	<b><u>Balance December 31</u></b>	<b><u>Utilized In Budget of Succeeding Year</u></b>
2015	\$ 482,521.06	
2014	485,737.39	226,739.82
2013	448,575.12	230,159.54

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Total Tax Rate	\$ 1.438	1.525	1.465
<b><u>Apportionment of Tax Rate</u></b>			
Municipal	\$ 0.768	0.807	0.807
County	0.322	0.350	0.333
Local School	0.348	0.368	0.325

**Assessed Valuation**

2015	\$ 240,071,898.00		
2014		226,848,239.00	
2013			226,829,448.00

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2015 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2015	\$ 11,700.00
2014	11,700.00
2013	11,700.00

### **COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY**

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

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Cash Collections</u></b>	<b><u>% of Collection</u></b>
2015	\$ 3,455,382.61	3,432,732.52	99.34%
2014	3,461,206.19	3,438,106.88	99.33%
2013	3,324,413.93	3,309,631.15	99.55%

### **DELINQUENT TAXES AND TAX TITLE LIENS**

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

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Taxes</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2015	None	\$ 18,965.93	18,965.93	0.55%
2014	None	23,099.31	23,099.31	0.67%
2013	None	14,782.78	14,782.78	0.45%



## OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Michael Nohilly	Mayor	12/31/2019
Robert White	Councilman-President of Council	12/31/2018
Mervin Franks	Councilman	12/31/2018
William Handerhan	Councilman	12/31/2016
Keith Miller thru 9/2/15	Councilman	
John Butler from 9/3/15	Councilman	12/31/2016
Mindy Horowitz	Councilwoman	12/31/2017
John Guhn	Councilman	12/31/2017
Lori Reibrich	Borough Clerk/Administrator	
Stephen Gallagher	Tax Collector	
Stephen Gallagher	Chief Financial Officer/Treasurer	
Patricia M. Weaver	Municipal Court Administrator	
George Cieri	Municipal Court Judge	
Lisa Casler	Court Assistant/Violations Clerk	
Richard Shaklee	Attorney	
Alex Worth	Assessor	
Salvatore Farruggia thru 7/14/15	Plumbing Sub-Code Official	
Robert Hartsgrrove appointed 7/15/15	Plumbing Sub-Code Official	
Salvatore Massaro	Building Sub-Code Official	
Peter Avakian	Engineer	
Paul Vitale thru 7/14/15	Construction Official/Electrical Sub-Code	
Sal Massarro appointed 7/15/15	Construction Official	
Eric Sudia appointed 7/15/15	Electrical Sub-Code Official	
Thomas Haege	Fire Sub-Code Official	

\* There was a blanket position bond for the Municipal Court of \$25,000.00. Also, there was a \$250,000.00 blanket bond with the Joint Insurance Fund for all employees. The Tax Collector is covered under a \$1,000,000.00 bond thru the Joint Insurance Fund.

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

Exhibit A-4

**CURRENT FUND**

**SCHEDULE OF CASH**

	<b><u>Ref.</u></b>	<b><u>Current</u></b>	<b><u>Grants</u></b>
Balance December 31, 2014	A	\$ 1,137,474.58	-
Increased by:			
Property Taxes	A-5	3,394,343.65	
State of New Jersey Veterans and Senior Citizens	A-6	11,000.00	
Revenue Accounts Receivable	A-9	187,426.33	
Tax Overpayments	A	1,024.16	
Other		1,802.18	
Various Reserves	A-14	100.00	412.53
Unappropriated Grants	A-18		
Miscellaneous Revenue Not Anticipated	A-2	26,423.53	5,295.33
Interfund Grants	A		
Prepaid Taxes	A-8	29,986.91	
		<u>3,652,106.76</u>	<u>5,707.86</u>
		4,789,581.34	5,707.86
Decreased by:			
Budget Appropriations	A-3	1,956,484.77	
Refunds	A-14	2,400.80	
Local District School Taxes	A-11	834,700.00	
Grants	A	5,295.33	5,707.86
Ecumbrances	A-13	4,195.34	
Appropriation Reserves	A-12	17,999.59	
County Taxes Payable	A-10	773,497.75	
		<u>3,594,573.58</u>	<u>5,707.86</u>
Balance December 31, 2015	A	<u>\$ 1,195,007.76</u>	<u>-</u>

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-5

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY**

Year	Balance Dec. 31, 2014	2015 Levy	Receipts		Veterans and Senior Citizens	Cancelled	Balance Dec. 31, 2015
2014	\$ 23,099.31		2014	2015			
2015		3,455,382.61	50,738.18	23,099.31 3,371,244.34	10,750.00	3,684.16	18,965.93
	\$ 23,099.31	3,455,382.61	50,738.18	3,394,343.65	10,750.00	3,684.16	18,965.93

Ref.	A	A-8	A-4	A-6	A
------	---	-----	-----	-----	---

**Analysis of 2015 Property Tax Levy**

General Purpose Tax  
Added Taxes

\$ 3,449,579.57	
5,803.04	
	\$ 3,455,382.61

**Ref.**

**Tax Levy**

Local District School Tax  
County Taxes (Abstract)

General

Library

Open Space Preservation

Added Taxes

\$ 689,631.72
45,446.73
38,013.17
705.06

A-10

A-2

Local Taxes for Municipal Purposes  
Additional Taxes

\$ 834,003.00	773,796.68
	1,847,582.93
	\$ 3,455,382.61

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-6

SCHEDULE OF DUE FROM STATE OF NEW JERSEYFOR VETERANS AND SENIOR CITIZENS DEDUCTIONS

Balance December 31, 2014 - Due To	<u>Ref.</u> A		\$ (2,675.72)
Increased by:			
Billing Per Duplicate:			
Senior Citizens		250.00	
Veterans		<u>10,250.00</u>	
		10,500.00	
Add:			
Veterans Allowed		<u>250.00</u>	
	A-5		<u>10,750.00</u>
			8,074.28
Decreased by:			
Receipts	A-4		<u>11,000.00</u>
Balance December 31, 2015 - Due To	A		<u><u>\$ (2,925.72)</u></u>

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-7

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

	<u>Ref.</u>	
Balance December 31, 2014 & 2015	A	<u>\$ 11,700.00</u>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**CURRENT FUND**

**Exhibit A-8**

**SCHEDULE OF PREPAID TAXES**

	<b><u>Ref.</u></b>	
Balance December 31, 2014	A	\$ 50,738.18
Increased by:		
Receipts	A-4	<u>29,986.91</u>
		80,725.09
Decreased by:		
Transferred to 2015 Taxes Receivable	A-5	<u>50,738.18</u>
Balance December 31, 2015	A	<u><u>\$ 29,986.91</u></u>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-9

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<b><u>Ref.</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Accrued in 2015</u></b>	<b><u>2015 Revenue</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
<b><u>Miscellaneous Revenues</u></b>					
Certificate of Occupancy	A-2	\$ -	1,539.00	1,539.00	
Fines and Costs:					
Municipal Court	A-2		32,500.59	30,777.04	1,723.55
Interest and Costs on Taxes	A-2		3,430.62	3,430.62	
Interest on Investments and Deposits	A-2		5,310.67	5,310.67	
Cablevision Franchise Fee	A-2		8,747.00	8,747.00	
Energy Receipts Tax	A-2		107,023.00	107,023.00	
Uniform Construction Code	A-2		30,599.00	30,599.00	
Total Miscellaneous Revenue		<u>\$ -</u>	<u>189,149.88</u>	<u>187,426.33</u>	<u>1,723.55</u>
	<b><u>Ref.</u></b>	<b><u>A</u></b>		<b><u>A-4</u></b>	<b><u>A</u></b>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****CURRENT FUND****Exhibit A-10****SCHEDULE OF COUNTY TAXES PAYABLE**

Balance December 31, 2014	<b><u>Ref.</u></b> A		\$ 406.13
Increased by:			
2015 Levy:			
General County Taxes		689,631.72	
County Library Tax		45,446.73	
County Open Space Fund		38,013.17	
Added Taxes Due County		<u>705.06</u>	
	A-5		<u>773,796.68</u>
			<u>774,202.81</u>
Decreased by:			
Payments	A-4		<u>773,497.75</u>
Balance December 31, 2015	A		<u><u>\$ 705.06</u></u>

**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES****Exhibit A-11**

Balance Payable December 31, 2014	<b><u>Ref.</u></b>		\$ 429,598.50
Increased by:			
Local School Levy Calendar Year	A-5		<u>834,003.00</u>
			<u>1,263,601.50</u>
Decreased By:			
School Tax Paid	A-4		<u>834,700.00</u>
Balance Payable December 31, 2015	A		<u><u>\$ 428,901.50</u></u>



**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****CURRENT FUND****Exhibit A-12****SCHEDULE OF APPROPRIATION RESERVES**

Balance December 31, 2014	<b><u>Ref.</u></b> A		\$ 169,894.56
Decreased by:			
Disbursed	A-4	17,999.59	
Lapsed to Operations	A-1	<u>151,894.97</u>	
			<u>\$ 169,894.56</u>

**SCHEDULE OF ENCUMBRANCES****Exhibit A-13**

Balance December 31, 2014	<b><u>Ref.</u></b> A		\$ 4,195.34
Increased by:			
2015 Encumbrances	A-3		<u>12,633.75</u>
			16,829.09
Decreased by;			
Disbursed	A-4		<u>4,195.34</u>
Balance December 31, 2015	A		<u>\$ 12,633.75</u>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-14

**SCHEDULE OF VARIOUS RESERVES**

	<u>Ref.</u>	<u>Total</u>	<u>Codification of Ordinances</u>	<u>Accumulated Sick Leave</u>	<u>Reserve For Revaluation</u>	<u>Recreation Donation</u>	<u>Marriage Licenses</u>
Balance December 31, 2014	A	\$ 22,492.80	94.18	10,899.03	9,834.59	1,690.00	(25.00)
Increased By:							
Cash Receipts	A-4	100.00					100.00
		22,592.80	94.18	10,899.03	9,834.59	1,690.00	75.00
Decreased By:							
Disbursed	A-4	75.00					75.00
		75.00	-	-	-	-	75.00
Balance December 31, 2015	A	\$ 22,517.80	94.18	10,899.03	9,834.59	1,690.00	-

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-15

**SCHEDULE OF DEFERRED CHARGES N.J.S. 40A:4-53**

<u>Date</u>	<u>Description</u>	<u>Original Amount</u>	<u>1/5 of Amount Authorized</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget</u>	<u>Balance Dec. 31, 2015</u>
10/6/2010	Municipal Consolidation	\$ 190,800.00	\$ 38,160.00	\$ 38,160.00	38,160.00	-
4/19/2012	Revaluation	50,000.00	10,000.00	30,000.00	10,000.00	20,000.00
				<u>\$ 68,160.00</u>	<u>48,160.00</u>	<u>20,000.00</u>
			Ref.	A	A-3	A

**CURRENT FUND**

Exhibit A-16

**SCHEDULE OF GRANTS RECEIVABLE FOR**

**FEDERAL AND STATE GRANT FUND**

	<b>Balance</b>
	<b><u>Dec 31, 2014 &amp; 2015</u></b>
Green Communities	\$ 6,000.00
Clean Communities	<u>4,000.00</u>
Total Receivables	<u><u>\$ 10,000.00</u></u>

A

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**CURRENT FUND**

Exhibit A-17

**SCHEDULE OF APPROPRIATION RESERVES FOR**

**FEDERAL AND STATE GRANT FUND**

	Balance Dec. 31, 2014	Transfer from 2015 Budget Appropriations Budget	Expended	Balance Dec. 31, 2015
Alcohol Rehabilitation	\$ 4,474.91	590.80	850.00	4,215.71
Clean Communities	13,067.73	4,000.00	4,357.86	12,709.87
Body Armor	2,711.32			2,711.32
Recycling Tonnage	8,892.01	2,677.74		11,569.75
Stormwater Management	2,625.00			2,625.00
Drunk Driving Enforcement	6,015.87		500.00	5,515.87
Federal Emergency Management Agency	1,017.22			1,017.22
Cool Cities	2,430.00			2,430.00
Green Communities	3,733.00			3,733.00
Green Communities-Match	867.00			867.00
HAVA Section 261 Grant	1.50			1.50
	<u>\$ 45,835.56</u>	<u>7,268.54</u>	<u>5,707.86</u>	<u>47,396.24</u>
Ref.	A	A-3	A-4	A

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****CURRENT FUND**

Exhibit A-18

**SCHEDULE OF UNAPPROPRIATED RESERVES FOR****FEDERAL AND STATE GRANTS**

	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Transfer To 2015 Budget Appropriations</u></b>	<b><u>Receipts</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
Municipal Court Education and Alcohol Rehabilitation	\$ 590.80	590.80	412.53	412.53
Recycling Tonnage	<u>2,677.74</u>	<u>2,677.74</u>	<u>          </u>	<u>-</u>
	<u>\$ 3,268.54</u>	<u>3,268.54</u>	<u>412.53</u>	<u>412.53</u>
<b>Ref.</b>	A	A-16	A-4	A

BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - CHECKING

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2014	B	\$ 6,691.50	120,825.37
Increased by:			
Dog Receipts	B-2	984.00	
State Fees	B-3	132.00	
Sidewalk Assessments	B-10		15,871.80
Developer's Account	B-5		3,750.00
Various Trusts	B-7		18.00
Public Defender	B-9		200.00
Recreation	B-8		7,556.71
		<u>1,116.00</u>	<u>27,396.51</u>
		7,807.50	148,221.88
Decreased by:			
Dog	B-2	260.40	
State Fees	B-3	130.80	
Sidewalk Assessments	B		17,554.00
Unemployment Insurance	B-4		25.50
Developer's Account	B-5		2,628.50
Public Defender	B-9		200.00
Recreation	B-8		10,795.75
		<u>391.20</u>	<u>31,203.75</u>
Balance December 31, 2015	B	\$ 7,416.30	117,018.13

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

Exhibit B-2 49.

**TRUST FUND****SCHEDULE OF RESERVE FOR DOG EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 6,692.70
Increased by:		
Fees Collected	B-1	<u>984.00</u>
		7,676.70
Decreased by:		
Disbursements	B-1	<u>260.40</u>
Balance December 31, 2015	B	<u><u>\$ 7,416.30</u></u>

**SCHEDULE OF DOG FEES DUE STATE**

Exhibit B-3

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ (1.20)
Increased by:		
Fees Collected	B-1	<u>132.00</u>
		130.80
Decreased by:		
Payments to State	B-1	<u><u>\$ 130.80</u></u>

**SCHEDULE OF RESERVE - UNEMPLOYMENT INSURANCE**

Exhibit B-4

	<u>Ref.</u>	
Balance December 31, 2014	B	\$58,962.37
Decreased by:		
Disbursements	B-1	<u>25.50</u>
Balance December 31, 2015	B	<u><u>\$58,936.87</u></u>



**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****TRUST FUND****Exhibit B-5****SCHEDULE OF RESERVE FOR DEVELOPERS ACCOUNT**

Balance December 31, 2014	<b><u>Ref.</u></b> B	\$ 9,065.78
Increased by:		
Builders Deposits	B-1	<u>3,750.00</u>
		12,815.78
Decreased by:		
Disbursements	B-1	<u>2,628.50</u>
Balance December 31, 2015	B	<u><u>\$ 10,187.28</u></u>

**SCHEDULE OF RESERVE FOR PARK RESTORATION****Exhibit B-6**

Balance December 31, 2014 and 2015	<b><u>Ref.</u></b> B	<u><u>\$ 3,249.23</u></u>
------------------------------------	-------------------------	---------------------------

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**TRUST FUND**

Exhibit B-7

**SCHEDULE OF RESERVE - VARIOUS TRUST FUNDS**

	<b><u>Ref.</u></b>	<b><u>Total</u></b>	<b><u>Tax Sale Premiums</u></b>	<b><u>P.O.A.A.</u></b>	<b><u>Accumulated Sick Leave</u></b>	<b><u>Third Party Pay</u></b>
Balance December 31, 2014	B	\$ 13,344.53	12,700.00	216.00	100.00	328.53
Increased by:						
Receipts	B	18.00		18.00		
Balance December 31, 2015	B	\$ 13,362.53	12,700.00	234.00	100.00	328.53

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****TRUST FUND****Exhibit B-8****SCHEDULE OF RESERVE FOR RECREATION**

	<b><u>Ref.</u></b>	
Balance December 31, 2014	B	\$ 16,311.26
Increased by:		
Receipts	B-1	<u>7,556.71</u>
		23,867.97
Decreased by:		
Disbursements	B-1	<u>10,795.75</u>
Balance December 31, 2015	B	<u><u>\$ 13,072.22</u></u>

**SCHEDULE OF RESERVE FOR PUBLIC DEFENDER****Exhibit B-9**

	<b><u>Ref.</u></b>	
Balance December 31, 2014	B	\$ 2,338.20
Increased by:		
Receipts	B-1	<u>200.00</u>
		2,538.20
Decreased by:		
Disbursements	B-1	<u>200.00</u>
Balance December 31, 2015	B	<u><u>\$ 2,338.20</u></u>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**TRUST FUND**

**Exhibit B-10**

**SCHEDULE OF ASSESSMENTS RECEIVABLE**

<b><u>Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>Date of Confirmation</u></b>	<b><u>Assessed</u></b>	<b><u>Received</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
2006-2	Sidewalks - Westra Street	5/3/2015	\$ 41,250.00	15,871.80	25,378.20
		Ref.	B	B-1	B

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****GENERAL CAPITAL FUND****Exhibit C-2****SCHEDULE OF CASH - CHECKING**

Balance December 31, 2014	<b><u>Ref.</u></b>		
	C		\$ 155,433.46
Increased by:			
Capital Improvement Fund	C-6	25,000.00	
Grants Received	C-3	150,000.00	
Assessment Fund	C-3	17,554.00	
Bond Anticipation Notes	C-3	<u>340,575.00</u>	
			<u>533,129.00</u>
			688,562.46
Decreased by:			
Improvement Authorizations	C-5	<u>303,124.27</u>	
			<u>303,124.27</u>
Balance December 31, 2015	C		<u><u>\$ 385,438.19</u></u>



**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

Exhibit C-4

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance Dec. 31, 2014 \$	2015 Authorizations	Decreased by Budget Appropriations	Balance Dec. 31, 2015	Bond Anticipation Notes	Unexpended Improvement Authorization	Expended Improvement Authorization
02-5	349 Bridlemere Avenue	1.36			1.36			1.36
03-13	357 Fernmere Avenue	8,702.49			8,702.49		2,945.11	5,757.38
05-09	374 Sump Pump System	260.23			260.23		260.23	
06-08	375 Sewer System	19,149.11			19,149.11		10,649.11	8,500.00
06-12	383 Sidewalks & Curbs	36,140.00			36,140.00		31,917.12	4,222.88
	387 Sanitation Truck	28,201.00		17,640.00	10,561.00	10,561.00		
2005-1	Borough Equipment	27,636.00		10,120.00	17,516.00	10,120.00		
2006-02	Various Improvements	27,922.00		13,962.00	13,960.00	13,960.00	1,627.70	5,768.30
2006-13	Sanitation Truck	6,529.00			6,529.00	7,075.00		
2006-15	Bendermere Avenue	24,565.00		12,284.00	12,281.00	12,281.00		
2007-7	Bendermere Avenue	38,150.00		12,718.00	25,432.00	25,432.00		
2011-4	Various Improvements	60,000.00		7,500.00	52,500.00	52,500.00		
2012-5	Various Improvements	295,245.00		32,805.00	262,440.00	262,440.00		
2012-6	Grasmere Ave Sidewalks	98,515.00			98,515.00		98,515.00	
2013-2 &								
2014-5	Various Improvements	431,625.00		13,000.00	418,625.00	418,625.00		
2014-3	Sewer Improvements	25,510.00			25,510.00		25,510.00	
2014-5	Buttermere Ave	38,950.00			38,950.00	38,950.00		
2015-5	Various Improvements		214,190.80		214,190.80		214,190.80	
		\$ 1,167,101.19	214,190.80	120,029.00	1,261,262.99	851,944.00	385,615.07	24,249.92
	<b>Ref.</b>	C	C-5	C-7	C	C-7	C-5	C-5

**BOROUGH OF INTERLAKE - COUNTY OF MONMOUTH**

Exhibit C-5

**GENERAL CAPITAL FUND**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Balance Dec. 31, 2014		2015 Authorizations	Cancelled Encumbrances	Expended	Balance Dec. 31, 2015	
		Funded	Unfunded				Funded	Unfunded
342	Borough Facilities	\$ 204.95					204.95	
357	Ferniere Avenue		2,945.11					2,945.11
374	Sump Pump System		1,137.72					1,137.72
375	Sewer System		10,649.11					10,649.11
383	Sidewalks and Curbs		31,917.12					31,917.12
2005-1	Equipment		1,627.70					1,627.70
2007-07	Bendernere Avenue		60,172.39					60,172.39
2006-13	Sanitation Truck		5,240.13					5,240.13
2010-6	Grasmere Avenue-Phase 11		6,791.07					6,791.07
2010-6	Pick Up Truck	2,634.75					2,634.75	
2010-6	Sound Recorder	158.00					158.00	
2010-6	Sewer Infiltration Study	30.25					30.25	
2011-2	Tennis Courts		7,031.70					7,031.70
2011-4	Telephone Equipment		2,392.43					2,392.43
2011-4	Sewer Improvements		87.50					87.50
2011-4	Costs		2,793.50					2,793.50
2011-4	Copier		500.00					500.00
2012-5	Various		13,172.11					13,172.11
2012-6	Grasmere Ave Sidewalks	1,636.25	98,515.00		39,000.00	11,825.00	1,636.25	98,515.00
2013-2	Butternere Ave Phase 3	50,000.00	100,000.00		63,355.51	63,355.51		
2013-2	Road Improvements	8,906.08				150,000.00		
2013-2	Computers/Projector		79,316.25			2,165.62		
2013-2	Section Expenses		25,510.00			16,121.25		
2014-3	Sewer Improvements	74,490.00					74,490.00	
2014-5	Butternere Ave Phase 111	127,629.51	38,950.00		74,420.49	59,656.89	181,343.11	
2015-4	Various Improvements			336,000.00			121,809.20	214,190.80
		\$ 265,689.79	488,748.84	336,000.00	176,776.00	303,124.27	389,046.97	575,043.39
		C	C	C-3	C	C-2	C	C
		Ref.						
	Capital Improvement Fund			C-6	\$ 11,273.20			
	CDBG Grant			C-3	110,536.00			
	Deferred Charges Unfunded			C-4	214,190.80			
					\$ 336,000.00			



**GENERAL CAPITAL FUND**

**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<b><u>Ref.</u></b>	
Balance December 31, 2014	C	\$ 1,890.00
Increased by:		
Budget Appropriations	C-3	<u>25,000.00</u>
		26,890.00
Decreased By:		
Appropriated to Finance Improvement Authorizations	C-5	<u>11,273.20</u>
Balance December 31, 2015	C	<u><u>\$ 15,616.80</u></u>

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH**

**GENERAL CAPITAL FUND**

Exhibit C-7

**SCHEDULE OF BOND ANTICIPATION NOTES**

<b><u>Description</u></b>	<b><u>Date of Original Issue</u></b>	<b><u>Date of Issue</u></b>	<b><u>Date of Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Issued</u></b>	<b><u>Decreased</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
2006-2, Roads & Sidewalks	5/12/07	4/27/11	4/22/16	0.75%	\$ 27,922.00		13,962.00	13,960.00
2013-2/2014-5	4/24/14	4/24/14	4/22/16	0.75%	130,000.00	301,625.00	13,000.00	418,625.00
2006-12-387	5/12/07	4/27/11	4/22/16	0.75%	28,201.00		17,640.00	10,561.00
2006-15 Bendemere Ave.	5/12/07	4/27/11	4/22/16	0.75%	24,565.00		12,284.00	12,281.00
2005-1 Various Equip.	5/12/07	4/27/11	4/22/16	0.75%	20,240.00		10,120.00	10,120.00
2007-7 Bendemere Ave.	4/30/08	4/27/11	4/22/16	0.75%	38,150.00		12,718.00	25,432.00
2006-13 Sanitation Truck	12/29/06	4/27/11	4/22/16	0.75%	7,075.00			7,075.00
2011-4 Various	4/26/12	4/26/12	4/22/16	0.75%	60,000.00		7,500.00	52,500.00
2012-5 Various	4/25/13	4/25/13	4/22/16	0.75%	295,245.00		32,805.00	262,440.00
2015-4 Buttermere Ave.	4/23/15	4/23/15	4/22/16	0.75%		38,950.00		38,950.00
					<u>\$ 631,398.00</u>	<u>340,575.00</u>	<u>120,029.00</u>	<u>851,944.00</u>
				<b>Ref.</b>	C	C-9	C-4	C
				Paid Through the Budget			\$ 120,029.00	

**BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTH****Exhibit C-8****GENERAL CAPITAL FUND****SCHEDULE OF RESERVE FOR GARAGE REPAIRS****Ref.**

Balance December 31, 2014 and 2015

C

\$ 4,219.50

BOROUGH OF INTERLAKEN - COUNTY OF MONMOUTHGENERAL CAPITAL FUNDSCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Exhibit C-9

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorization</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2015</u>
349	Bridlemere Avenue	\$ 1.36			1.36
357	Fernmere Avenue	8,702.49			8,702.49
374	Sump Pump Collection System	260.23			260.23
375	Sewer System	19,149.11			19,149.11
383	Windermere Avenue	1,890.00			1,890.00
2007-7	Bendermere Avenue	78,600.00			78,600.00
2013-2	Various	301,625.00		301,625.00	-
2014-5	Buttermere Ave	38,950.00		38,950.00	-
2014-3	Sewer Improvements	25,510.00			25,510.00
2012-6	Grasmere Ave Sidewalks	98,515.00			98,515.00
2015-4	Various		214,190.80		214,190.80
		<u>\$ 573,203.19</u>	<u>214,190.80</u>	<u>340,575.00</u>	<u>446,818.99</u>
<b>Ref.</b>		C	C-5	C-7	C

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**PART III**

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING**

**AND ON COMPLIANCE AND OTHER MATTERS**

**YEAR ENDED DECEMBER 31, 2015**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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

Telecopier:  
 (732) 280-8888  
 e-mail:  
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100  
 P.O. Box 1409  
 Wall, New Jersey 07719-1409  
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

### **AND ON COMPLIANCE AND OTHER MATTERS BASED ON**

### **AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN**

### **ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
 of the Borough Council  
 Borough of Interlaken  
 County of Monmouth  
 Interlaken, New Jersey 07712

We have audited the consolidated financial statements of the Borough of Interlaken (the "Borough"), as of and for the year ended December 31, 2015, and have issued our report thereon dated March 30, 2016. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

### **Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of material misstatement, we performed tests of 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* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated March 30, 2016.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

***Robert A. Hulsart and Company***  
Independent Auditors

March 30, 2016

**BOROUGH OF INTERLAKEN**

**COUNTY OF MONMOUTH**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**



## **GENERAL COMMENTS**

### **Scope of Audit**

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

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

Cash balances were reconciled with independent certifications obtained directly from the depositories.

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

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2010, the public contracts law was amended to change the bid threshold to \$26,000.00 and \$36,000.00 if there is a certified purchasing agent. Effective January 1, 2012, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

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

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$5,400.00 with a qualified purchasing agent).

The minutes indicate that bids were requested by public advertising where applicable on the items examined.

Contracts for professional services, which were on file, were examined and appointments were advertised according to statute.

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

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

The governing body on January 4, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

**“BE IT RESOLVED** that upon the recommendations of the Borough Tax Collector”:

1. Taxes shall be collected quarterly on February 1, May 1, August 1 and November 1, 2015.
2. There shall be a ten (10) day grace period on the quarterly taxes, after which unpaid taxes will be charged interest back to the due date.
3. Interest shall be charged and calculated at the rate of eight (8)% per annum on the first \$1,500.00 of the delinquency, and eighteen (18)% per annum on any amount in excess of \$1,500.00 to be calculated from the date the tax as payable until the date the actual payment is received.
4. There shall be a six (6)% penalty for a delinquency over \$10,000.00 if not paid prior to the end of the calendar year. Delinquency is defined to mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters.

It appears from an examination of the collector’s record that interest was collected in accordance with the foregoing resolutions.

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

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

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

<u>Year</u>	<u>Number of Liens</u>
2015	None
2014	None
2013	None

### **Verification of Delinquent Taxes and Other Charges**

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

<b><u>Type</u></b>	<b><u>Number Mailed</u></b>
Payment of 2015 & 2016 Taxes	14
Delinquent Taxes	3

### **Fixed Assets**

The Borough contracted with L.L. Annum Co. to inventory its fixed assets during the year. The amounts shown on Exhibit F appear to accurately reflect the proper inventory balances for the Borough.

### **Unemployment Insurance**

The Borough elected to adopt the reimbursement plan for unemployment insurance as provided by statute. These funds were deposited in a trust savings account to be held specifically until needed for any claims presented. The Borough has contributed an additional 1% of all eligible salaries paid to this trust account. This account had a balance of \$58,936.87 at December 31, 2015. Unemployment withholdings are turned over to the State. Excess claims paid are billed by the State to the Borough and paid from the trust account.

### **Prior Year Recommendations**

None

### **Current Year Recommendations**

None

### **Appreciation**

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

\*\*\*\*\*

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.