

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF BRADLEY BEACH

**701 Main Street
Bradley Beach, New Jersey 07720**

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Presented by

**Gail Krzyzczuk
Chief Financial Officer
Borough of Bradley Beach**

BOROUGH OF BRADLEY BEACH
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

INTRODUCTORY SECTION – OTHER INFORMATION

Letter of Transmittal
Table of Organization
Roster of Officials
Consultants and Advisors

FINANCIAL SECTION

Independent Auditors' Report

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*

Exhibit
Number

BASIC FINANCIAL STATEMENTS

- A-1a Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Group - Regulatory Basis
As of December 31, 2016
- A-1b Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Group - Regulatory Basis
As of December 31, 2015
- A-2 Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Current, Beach Utility and Sewer Utility Operating Funds - Regulatory Basis
- A-3 Statement of Fund Balance - Beach Utility Capital Fund – Regulatory Basis
- A-4 Statement of Fund Balance – Sewer Utility Capital Fund – Regulatory Basis
- A-5 Statement of Fund Balance – General Capital Fund – Regulatory Basis
- B-1 Comparative Statement of Assets, Liabilities and Fund Balance – Current Fund - Regulatory Basis
- B-2 Comparative Statement of Operations and Changes in Fund Balance – Current Fund - Regulatory Basis
- B-3 Statement of Revenues – Current Fund - Regulatory Basis
- B-4 Statement of Expenditures – Current Fund - Regulatory Basis
- C-1 Comparative Statement of Assets, Liabilities and Reserves – Trust Funds - Regulatory Basis
- D-1 Comparative Statement of Assets, Liabilities, Reserves and Fund Balance – General Capital Fund - Regulatory Basis
- E-1 Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Beach Utility and Sewer Utility Operating Funds - Regulatory Basis

BOROUGH OF BRADLEY BEACH
TABLE OF CONTENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

FINANCIAL SECTION (CONTINUED)

Exhibit
Number

<u>BASIC FINANCIAL STATEMENTS (CONTINUED)</u>	
EB-1	Comparative Statement of Operations and Changes in Operating Fund Balance – Beach Utility Operating Fund - Regulatory Basis
EB-2	Statement of Revenues – Beach Utility Operating Fund - Regulatory Basis
EB-3	Statement of Expenditures - Beach Utility Operating Fund - Regulatory Basis
ES-1	Comparative Statement of Operations and Changes in Operating Fund Balance - Sewer Utility Operating Fund - Regulatory Basis
ES-2	Statement of Revenues - Sewer Utility Operating Fund - Regulatory Basis
ES-3	Statement of Expenditures - Sewer Utility Operating Fund - Regulatory Basis
F-1	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Beach Utility and Sewer Utility Capital Funds - Regulatory Basis
G-1	Comparative Statement of General Fixed Assets Account Group

Notes to Basic Financial Statements

COMBINING AND INDIVIDUAL FUND STATEMENTS –
SUPPLEMENTARY INFORMATION

Current Fund:

B-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy
B-6	Schedule of Tax Title Liens Receivable
B-7	Schedule of Deferred Charges
B-8	Schedule of 2015 Appropriation Reserves
B-9	Schedule of Local District School Tax Payable
B-10	Schedule of Grants Receivable - Federal and State Grant Fund
B-11	Schedule of Appropriated Reserves - Federal and State Grant Fund
B-12	Schedule of Unappropriated Reserves - Federal and State Grant Fund

Trust Funds:

C-2	Schedule of Various Reserves – Trust Other Fund
C-3	Schedule of Reserve for New Jersey Unemployment Compensation Insurance – Trust Other Fund
C-4	Schedule of Reserve for Animal Control Expenditures – Animal Control Trust Fund
C-5	Schedule of Reserve for Tourism – Tourism Trust Fund

BOROUGH OF BRADLEY BEACH
TABLE OF CONTENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

FINANCIAL SECTION (CONTINUED)

Exhibit
Number

COMBINING AND INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS – SUPPLEMENTARY INFORMATION
(CONTINUED)

General Capital Fund:

- D-2 Schedule of Analysis of Cash and Cash Equivalents
- D-3 Schedule of Intergovernmental Accounts Receivable
- D-4 Schedule of Deferred Charges to Future Taxation, Unfunded
- D-5 Schedule of Serial Bonds
- D-6 Schedule of Due to State of New Jersey - Green Trust Loan
- D-7 Schedule of Improvement Authorizations
- D-8 Schedule of Capital Improvement Fund
- D-9 Schedule of Bond Anticipation Notes
- D-10 Schedule of Bonds and Notes Authorized but not Issued

Beach Utility Operating Fund:

- EB-4 Schedule of 2015 Appropriation Reserves
- EB-5 Schedule of Accrued Interest on Bonds and Notes

Sewer Utility Operating Fund:

- ES-4 Schedule of Consumer Accounts Receivable
- ES-5 Schedule of 2015 Appropriation Reserves
- ES-6 Schedule of Accrued Interest on Bonds and Notes

Beach Utility Capital Fund:

- FB-1 Schedule of Analysis of Cash and Cash Equivalents
- FB-2 Schedule of Fixed Capital
- FB-3 Schedule of Fixed Capital Authorized and Uncompleted
- FB-4 Schedule of Serial Bonds
- FB-5 Schedule of Improvement Authorizations
- FB-6 Schedule of Capital Improvement Fund
- FB-7 Schedule of Bond Anticipation Notes

Sewer Utility Capital Fund:

- FS-1 Schedule of Analysis of Cash and Cash Equivalents
- FS-2 Schedule of Fixed Capital
- FS-3 Schedule of Fixed Capital Authorized and Uncompleted
- FS-4 Schedule of Serial Bonds
- FS-5 Schedule of Improvement Authorizations
- FS-6 Schedule of Capital Improvement Fund

BOROUGH OF BRADLEY BEACH
TABLE OF CONTENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

Exhibit
Number

OTHER INFORMATION (UNAUDITED)
STATISTICAL SECTION

- H-1 Current Fund Expenditures by Function
- H-2 Sewer Utility Operating Fund Expenditures by Function
- H-3 Beach Utility Operating Fund Expenditures by Function
- H-4 Current Fund Revenues by Source
- H-5 Property Tax Rates Per \$100 of Assessed Valuation
- H-6 Municipal Property Tax Levies and Collections
- H-7 Delinquent Taxes and Tax Title Liens
- H-8 Assessed and Estimated Actual Value of Taxable Property
- H-9 Schedule of Ten Largest Taxpayers
- H-10 Computation of Legal Debt Margin
- H-11 Ratio of Bonded Debt, Bond Anticipation Notes and Loans to
Equalized Value and Debt Per Capita
- H-12 Ratio of Annual Debt Service Expenditures for Bonded Debt,
Bond Anticipation Notes and Loans
- H-13 Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45
Sewer Utility Operating Fund
- H-14 Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45
Beach Utility Operating Fund
- H-15 Demographic Statistics
- H-16 Miscellaneous Statistics

COMMENTS AND RECOMMENDATIONS – SUPPLEMENTARY INFORMATION

General Comments:

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4
Collection of Interest on Delinquent Taxes and Sewer Charges
Delinquent Taxes and Tax Title Liens
Delinquent Sewer Rents
Beach Utility Revenue
Cash and Cash Equivalents
Revenues
Expenditures
Payroll

INTRODUCTORY SECTION – OTHER INFORMATION

Borough of Bradley Beach

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701 Main Street
Bradley Beach NJ 07720 -1089
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Gary Engelstad, Mayor
Anthony J. Muscillo, Interim Administrator
Kelly Barrett, Municipal Clerk

June 30, 2017

The Comprehensive Annual Financial Report for the Borough of Bradley Beach, County of Monmouth, State of New Jersey for the years ended December 31, 2016 and 2015 is submitted herewith and includes financial statements, supplemental schedules and other information. I believe it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Bradley Beach as measured by the financial activity of its various funds and account group; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in four (4) sections: Introductory, Financial, Statistical and Auditors' Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart, a roster of officials and list of consultants and advisors. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditors' report and 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*. The Statistical Section includes select financial, economic and demographic information, generally presented on a multi-year basis and is unaudited. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and ultimately with the Mayor and Council.

The regulatory basis financial statements have been audited by Wiss and Company, LLP, whose opinion is expressed in the Financial Section. Please note that the independent auditors' report states that the financial statements are presented fairly in conformity with the regulatory basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

In 2016, our Current Fund, which encompasses the general government functions of the Borough, had revenues exclusive of surplus utilized of \$9,489,496.77, expenditures of \$9,371,946.50 and an increase of \$117,550.27 in fund balance at year-end. The Current Fund revenues increased \$265,001.36 or 2.65% from 2015 levels. Below is a comparison of the Current Fund revenues.

	2016	2015	Increase/ (Decrease)	%
Local Sources:				
Surplus Utilized	\$ 785,567.92	\$ 735,626.60	\$ 49,941.32	6.79
Taxes (1)	7,153,782.76	6,998,103.98	155,678.78	2.22
Delinquent Taxes	168,781.10	202,168.19	(33,387.09)	(16.51)
Miscellaneous (3)	1,206,558.72	1,185,467.64	21,091.08	1.78
Non-budget Revenues/Other Items (4)	550,505.32	482,658.76	67,846.56	14.06
Total Revenues from Local Sources	9,865,195.82	9,604,025.17	261,170.65	2.72
State Aid (2)	355,290.00	355,290.00		
State and Federal Grants (2)	54,578.87	50,748.16	3,830.71	7.55
Total Current Fund Revenues	\$ 10,275,064.69	\$ 10,010,063.33	\$ 265,001.36	2.65

1. Current and Delinquent Taxes - This is the collections on taxes levied on all property owners residing in the Borough.
2. State Aid, Federal and State Grants - This represents funds received from the State of New Jersey or the Federal Government in the form of grants or direct aid.
3. Miscellaneous Revenues Anticipated - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct charges, except those detailed separately above.
4. Non-Budget Revenue and Other Credits - These are items that are not budgeted as revenue items, however, are included in the overall revenue.

The increase in expenditures in 2016 from 2015 was approximately 2.31% as follows. This was mainly driven by expenditure increases in the areas of capital improvements and public works expenditures offset by decreases in debt service and public safety. Below is a comparison of the Current Fund expenditures.

	2016	2015	Increase/ (Decrease)	%
General Government	\$ 901,619.64	\$ 885,829.30	\$ 15,790.34	1.78
Land Use	29,474.18	29,291.36	182.82	0.62
Code Enforcement	94,191.06	87,534.03	6,657.03	7.61
Insurance	1,247,878.00	1,198,072.00	49,806.00	4.16
Public Safety	2,430,916.58	2,497,503.98	(66,587.40)	(2.67)
Public Works	1,044,680.48	944,424.52	100,255.96	10.62
Health and Human Services	23,010.00	24,860.00	(1,850.00)	(7.44)
Parks and Recreation	184,811.00	154,400.00	30,411.00	19.70
Library	377,733.26	363,238.24	14,495.02	3.99
Utility Expenses and Bulk Purchases	261,125.00	270,125.00	(9,000.00)	(3.33)
Contingent	3,700.00	3,700.00		
Deferred Charges and Statutory Expenditures	905,763.49	875,899.88	29,863.61	3.41
State and Federal Grants	70,578.87	60,748.16	9,830.71	16.18
Capital Improvements	220,000.00	82,500.00	137,500.00	166.67
Debt Service	1,217,086.85	1,326,388.95	(109,302.10)	(8.24)
Reserve for Uncollected Taxes	359,378.09	355,920.28	3,457.81	0.97
	<u>\$ 9,371,946.50</u>	<u>\$ 9,160,435.70</u>	<u>\$ 211,510.80</u>	<u>2.31%</u>

Our Sewer Utility Operating Fund generated revenues and other income exclusive of Fund Balance appropriated of \$2,086,168.39 and incurred expenditures of \$2,020,834.57. The fund balance increased by \$65,333.82. This compares to an increase in fund balance in 2015 of \$46,812.81.

Our Beach Utility Operating Fund generated revenues and other income exclusive of Fund Balance appropriated of \$1,984,762.83 and incurred expenditures of \$2,039,715.45 resulting in a net decrease of \$54,952.62 in fund balance. This compares to a net increase in fund balance in 2015 of \$203,289.59.

The remainder of this transmittal letter will provide greater details relating to our progress during 2016 and some of our plans for the future.

STATUTORY AUTHORITY

The Borough is organized and administered in accordance with the provisions of New Jersey State Law and consists of an elected Mayor and a four (4) member Council responsible for providing all basic governmental services, except education, to its 4,298 local residents.

The Borough, pursuant to law, has the authority to levy taxes and issue debt.

The Borough, for reporting purposes, is considered an independent government entity.

CASH MANAGEMENT

Bank balances are insured up to \$250,000.00 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Governmental Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2016, idle funds were invested in interest bearing checking accounts. All such investments fall within the guidelines set forth by the statutes. Historically, the rate of return on investments is consistent with market rates in this locality.

ACCOUNTING AND BUDGET INFORMATION

Accounting

The Borough maintains an on-line, real-time computerized accounting system to record all financial transactions including tax and sewer receipts and billing, beach revenue, miscellaneous revenue, budget and general ledger and for payroll.

In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

During the calendar year, financial reports are prepared monthly. The reports detail the monthly transactions and summarize the balance in the appropriations allocated for goods and services.

Management of the Borough is responsible for establishing and maintaining adequate internal control.

Budget

The Local Budget Law for the State of New Jersey requires every local unit to adopt an Operating Budget in the form required by the Division of Local Government Services Department of Community Affairs of the State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposes to spend \$25,000.00 or more on capital equipment, construction or improvements must prepare a Capital Budget. If the Borough's population is less than 10,000, the Capital Improvement Program shall include by title all projects anticipated for the budget year and the two succeeding years, with the estimated costs and the anticipated financing by sources and amounts. A three year Capital Improvement Program was adopted as part of the 2016 Budget.

A Capital Budget Section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The budget of the Borough is categorized into appropriations by function. Each appropriation represents a service program or division within the Borough. Funds are appropriated to each of the budget lines by the Mayor and Council in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

Distinct appropriations are required for "salaries and wages" and for "other expenses." The Borough delineates each appropriation into sub accounts by budget codes.

The Business Administrator/Chief Financial Officer monitors expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed. In addition, appropriation reserves from the immediately preceding fiscal year can be transferred during the first three months of the fiscal year to pay the claims authorized or incurred during said preceding year.

DEBT ADMINISTRATION

The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3½% of their equalized value. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Borough has managed its debt well and has outstanding net debt equal to 0.420% of its averaged equalized value. The Borough appropriates funds annually to meet its bonded indebtedness.

The Borough refunded certain 2007 bonds outstanding through the Monmouth County Improvement Authority in 2016 and achieved savings of \$113,649.58.

PRESENT AND FUTURE CHALLENGES

During the 2016 calendar year, the Borough of Bradley Beach has made progress in a number of operational and financial areas; however, this administration is clearly aware of the issues and problems that continue to demand our attention and improvement. While we take pride in the accomplishments of the past year, we are mindful of the issues that continue to face us.

MAJOR ACTIVITIES AFFECTING BUDGETING/FINANCIAL CONDITIONS

The Borough comprises an area of approximately .70 square miles. Bradley Beach is a shore residential and commercial community.

ACCOUNTABILITY ON 2017 INITIATIVES

The Borough continues to restore the dunes which had been destroyed by Hurricane Sandy, which were rebuilt in 2014. Christmas trees from residents and donations of Christmas trees from many other towns provided the basis for rebuilding the dunes.

The Borough continues to receive reimbursement from FEMA due to the devastating effect of Hurricane Sandy. While we have received funds in 2016, we expect to receive additional reimbursements in 2017 and possibly thereafter.

The Borough has replaced their antiquated parking meters with modern pay stations that now accept credit cards along with coin and bills. This also allows the Borough to monitor parking spaces more efficiently.

In 2015, the Borough of Bradley Beach continued to improve the Sewer Infrastructure which is an on-going program. Specifically, the Borough continues to review potential inflow and infiltration issues. As a result of the study, the Borough has videotaped the lines to determine the best means of remediation.

The Borough and the library awarded the installation of the elevator to Santorini Construction and work has begun. They hope to have the construction completed before the summer of 2017.

Municipal spending continues to be tightened in every department.

The Borough continues to undertake various initiatives to improve municipal facilities. New windows, lintels, dental molding and stucco siding have been added to the municipal building. A new roof is planned for the Public Works building.

In summer months, musical concerts and assorted festivals are held at the beachfront and at Riley Park on Main Street for various age groups. Located in the Borough of Bradley Beach are

several restaurants that have been rated "four star". The Borough participates with NJ Transit in a summer beach promotion.

The Borough has continued a multi-year program to upgrade and expand its technology infrastructure. Improvements include system hardware, office applications, public works information management system, financial system, and connectivity to remote locations.

Borough parks and playgrounds are maintained annually. Road and intersections improvements at various locations are ongoing each year through State Department of Transportation Grants and Monmouth County combined with local funds.

The Borough successfully purchased property for the storage of the beach lockers and other equipment.

The Borough has begun looking into improving Sylvan Lake bulk heading with a possible natural shore line with the hope of mitigating erosion and flooding.

The Borough has refunded some of the older bond ordinances to lower the payments and reduce the amount of debt.

PROSPECTS FOR THE FUTURE

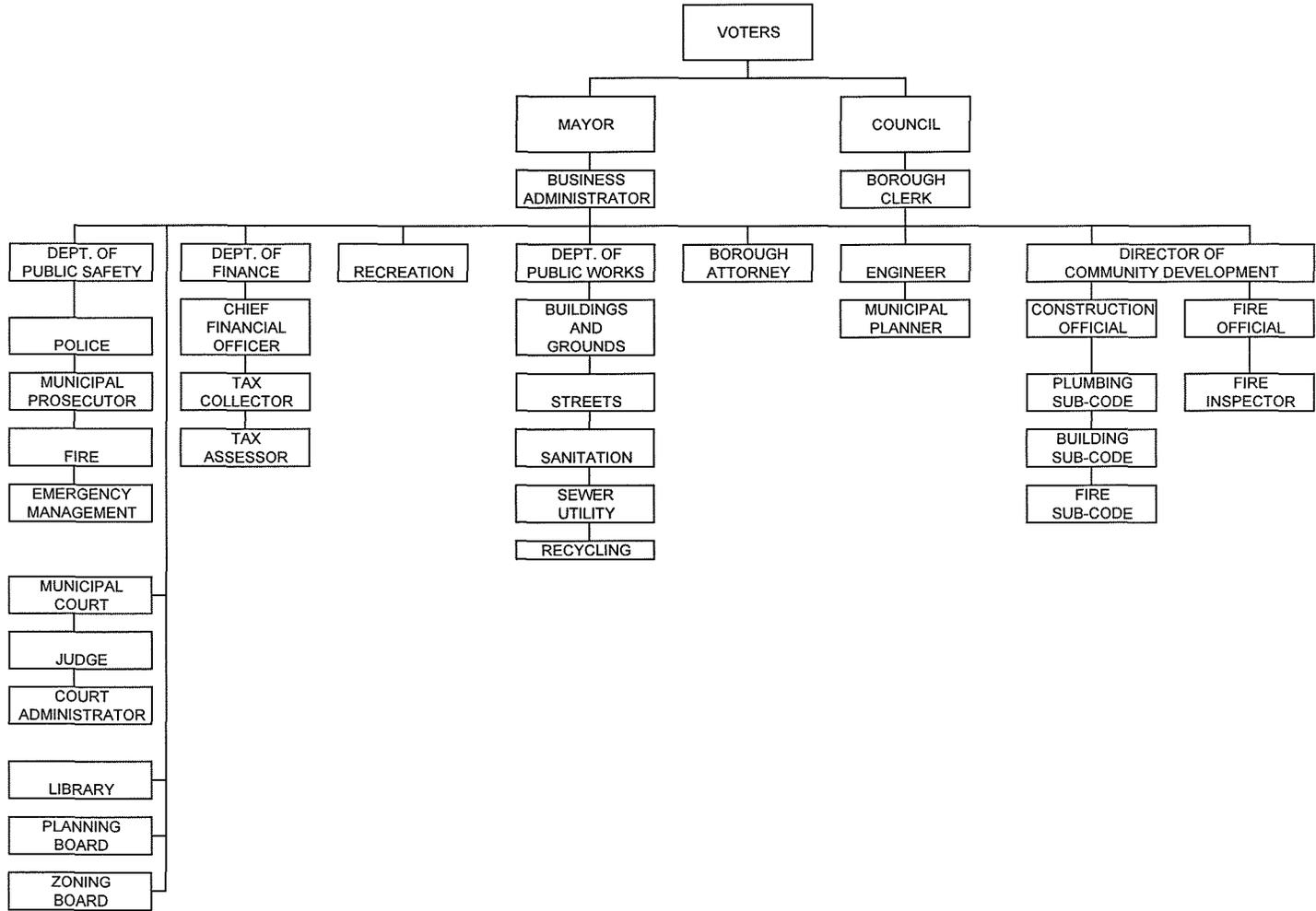
1. We continue to engage in Interlocal Service Agreements with other towns for services such as court facilities, purchasing and public works functions to cut costs and we continue to explore additional interlocal opportunities.
2. The Borough continues to explore options for alternative health care programs in order to provide a broader range of choices to existing employees and to evaluate scenarios for long-term cost reductions.
3. The Borough is investigating the ability to accept credit cards for payments in the various departments.
4. The Borough is looking into a grant for the improvement of Riley Park to make it more handicapped accessible.
5. The Borough plans to do repairs to the Lifeguard Headquarters giving access to the second floor and a private bathroom for the staff.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administration Department and the Finance Department. I would also like to express my appreciation to the firm of Wiss & Company, LLP for their help and assistance in preparation of the Borough's Comprehensive Annual Financial Report.

Respectfully submitted,
Gail Krzyzczuk
Chief Financial Officer

**BOROUGH OF BRADLEY BEACH
TABLE OF ORGANIZATION**



BOROUGH OF BRADLEY BEACH

ROSTER OF OFFICIALS

DECEMBER 31, 2016

Governing Body

Gary Engelstad, Mayor

Harold Cotler, Council President

Salvatore Galassetti, Councilman

Norman Goldfarb, Councilman

Thomas Volante, Councilman

Other Officials

Mary Ann Solinski, Borough Clerk, Registrar of Vital Statistics and Assessment Search Officer through May 31, 2016

Kelly Barrett, Borough Clerk, Registrar of Vital Statistics and Assessment Search Officer Effective June 1, 2016

Joyce M. Wilkins, Borough Administrator, Chief Financial Officer, Tax Collector, Sewer Collector and Tax Search Officer through September 30, 2016

Gail O. Krzyzczuk, Assistant Chief Financial Officer, Deputy Tax Collector, Deputy Sewer Collector through September 30, 2016

Gail O. Krzyzczuk, Chief Financial Officer, Tax Collector, Sewer Collector effective October 1, 2016

Anthony Muscillo, Acting Borough Administrator effective October 1, 2016

Edward M. Mullane, Tax Assessor

Robert Cahn, Assistant Tax Assessor

Gerald Freda, Borough Engineer

Dennis Lavendar, Magistrate

Sean Kane, Borough Prosecutor

Kelly Barrett, Court Administrator through February 1, 2016

Tracy Sorrentino, Court Administrator effective February 1, 2016

Michele A. Whille, Assistant Deputy Tax Collector, Assistant Deputy Sewer Collector, Deputy Registrar of Vital Statistics, Administrative Assistant

William Schmeling, Qualified Purchasing Agent

**BOROUGH OF BRADLEY BEACH
CONSULTANTS AND ADVISORS
DECEMBER 31, 2016**

AUDIT FIRM

Wiss & Company, LLP

ATTORNEY

Michael DuPont, Esq.

McKenna, Dupont, Higgins, Stone, PC

BOND COUNSEL

John Cantalupo, Esq.

Archer & Greiner, PC

OFFICIAL DEPOSITORIES

PNC Bank

Kearny Federal Savings

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Bradley Beach
County of Monmouth
Bradley Beach, New Jersey

Report on the Financial Statements

We have audited the accompanying basic financial statements – regulatory basis, which comprise the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Bradley Beach (“Borough”), County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015 and the related statements of revenues, expenditures and changes in fund balance - regulatory basis, and the related notes to the financial statements for the years then ended and the comparative statements of operations and changes in operating fund balance – regulatory basis, the statements of fund balance - regulatory basis the statements of revenues – regulatory basis, the statements of expenditures – regulatory basis of the various funds fir the year ended December 31, 2016 as listed in the basic financial statements section of the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division (regulatory basis), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2016 and 2015, or the results of its operations and changes in fund balances for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough as of December 31, 2016 and 2015, and the results of its operations and changes in fund balances of such funds – regulatory basis for the years then ended, and the revenues - regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2016 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1 to the financial statements.

Report on Supplementary Information as Required by the Division in Accordance with the Regulatory-Basis

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, identified as exhibits B-5 through FS-6 and the comments and recommendations, are presented for purposes of additional analysis as required by the Division and is not a required part of the 2016 regulatory - basis financial statements of the Borough. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.



David A. Kaplan
Registered Municipal Accountant
No. 433



WISS & COMPANY, LLP

Livingston, New Jersey
June 30, 2017

**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***

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Bradley Beach
County of Monmouth
Bradley Beach, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory-basis financial statements of the Borough of Bradley Beach ("Borough"), County of Monmouth, New Jersey as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 30, 2017, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Internal Control Over Financial Reporting

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

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

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

WISS & COMPANY, LLP

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



David A. Kaplan
Registered Municipal Accountant
No. 433



WISS & COMPANY, LLP

Livingston, New Jersey
June 30, 2017

BASIC FINANCIAL STATEMENTS

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2016

	Governmental Funds			Utilities		General Fixed Assets Account Group	Totals
	Current	General Capital	Trust Funds	Operating	Capital		
ASSETS AND OTHER DEBITS							
Cash and Cash Equivalents	\$ 3,680,279.93	\$ 934,821.37	\$ 763,826.64	\$ 1,960,188.43	\$ 889,593.28		\$ 8,228,709.65
Intergovernmental Accounts Receivable	10,800.00	185,176.52					195,976.52
Receivables and Other Assets:							
Delinquent Property Taxes	149,682.14						149,682.14
Consumer Accounts Receivable				76,729.36			76,729.36
Liens Receivable	1,754.55						1,754.55
Other Accounts Receivable							
Revenue Accounts Receivable	21,915.87						21,915.87
Interfunds Receivable	37.77		116.19	47.74	17,508.17		17,709.87
Obligations Under Capital Lease - Unfunded		606,000.00					606,000.00
Deferred Charges	214,583.50	4,809,223.66					5,023,807.16
Fixed Capital					8,053,314.89		8,053,314.89
Fixed Capital Authorized and Uncompleted Fixed Assets					2,812,034.17		2,812,034.17
Federal and State Grant Fund:						\$ 19,626,102.00	19,626,102.00
Federal and State Grants Receivable	32,310.22						32,310.22
Interfund Receivable	75,234.81						75,234.81
Total Assets and Other Debits	\$ 4,186,598.79	\$ 6,535,221.55	\$ 763,942.83	\$ 2,036,965.53	\$ 11,772,450.51	\$ 19,626,102.00	\$ 44,921,281.21

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2016

	Governmental Funds			Utilities		General Fixed Assets Account Group	Totals
	Current	General Capital	Trust Funds	Operating	Capital		
LIABILITIES, RESERVES AND FUND BALANCE							
Liabilities and Reserves:							
Appropriation Reserves	\$ 463,451.27			\$ 226,440.46			\$ 689,891.73
Other Liabilities and Reserves	1,231,446.93	\$ 596,755.93	\$ 763,905.06	432,706.01	\$ 795,345.23		3,820,159.16
Improvement Authorizations		869,315.23			101,104.72		970,419.95
Reserve for Amortization					5,814,457.24		5,814,457.24
Deferred Reserve for Amortization					2,212,891.82		2,212,891.82
Interfunds Payable	92,742.98		37.77		47.74		92,828.49
Serial Bonds		3,544,000.00			2,203,000.00		5,747,000.00
Bond Anticipation Notes		723,500.00			635,000.00		1,358,500.00
Special Emergency Notes	214,584.00						214,584.00
Loans Payable		179,296.66					179,296.66
Capital Lease Obligations Payable		606,000.00					606,000.00
Reserve for Receivables and Other Assets	173,390.33			76,729.36			250,119.69
Federal and State Grant Fund:							
Interfund Payable	116.19						116.19
Reserve for Encumbrances	6,000.00						6,000.00
Unappropriated/Appropriated Reserves	101,428.84						101,428.84
Total Liabilities and Reserves	2,283,160.54	6,518,867.82	763,942.83	735,875.83	11,761,846.75		22,063,693.77
Equity and Other Credits:							
Investment in General Fixed Assets						\$ 19,626,102.00	19,626,102.00
Fund Balance	1,903,438.25	16,353.73	-	1,301,089.70	10,603.76		3,231,485.44
Total Equity and Other Credits	1,903,438.25	16,353.73	-	1,301,089.70	10,603.76	19,626,102.00	22,857,587.44
Total Liabilities, Reserves and Fund Balance	\$ 4,186,598.79	\$ 6,535,221.55	\$ 763,942.83	\$ 2,036,965.53	\$ 11,772,450.51	\$ 19,626,102.00	\$ 44,921,281.21

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2015

	Governmental Funds					General Fixed Assets Account Group	Totals
	Current	General Capital	Trust Funds	Utilities Operating	Capital		
ASSETS AND OTHER DEBITS							
Cash and Cash Equivalents	\$ 3,740,089.15	\$ 1,605,448.66	\$ 982,020.16	\$ 1,943,336.91	\$ 664,306.79		\$ 8,935,201.67
Intergovernmental Accounts Receivable	7,340.00	315,985.00					323,325.00
Receivables and Other Assets:							
Delinquent Property Taxes	169,436.44						169,436.44
Consumer Accounts Receivable				98,907.25			98,907.25
Liens Receivable	1,578.41						1,578.41
Other Accounts Receivable			50.00				50.00
Revenue Accounts Receivable	23,474.77						23,474.77
Interfunds Receivable	15,173.04		116.19	44.32	17,508.17		32,841.72
Obligations Under Capital Lease - Unfunded		833,000.00					833,000.00
Deferred Charges	349,167.00	4,732,421.63					5,081,588.63
Fixed Capital					6,058,993.66		6,058,993.66
Fixed Capital Authorized and Uncompleted Fixed Assets					3,795,975.50		3,795,975.50
Federal and State Grant Fund: Federal and State Grants Receivable	19,385.22					\$ 17,649,049.00	19,385.22
Interfund Receivable	51,580.81						51,580.81
Total Assets and Other Debits	\$ 4,377,224.84	\$ 7,486,855.29	\$ 982,186.35	\$ 2,042,288.48	\$ 10,536,784.12	\$ 17,649,049.00	\$ 43,074,388.08
LIABILITIES, RESERVES AND FUND BALANCE							
Liabilities and Reserves:							
Appropriation Reserves	\$ 451,461.52			\$ 205,245.38			\$ 656,706.90
Other Liabilities and Reserves	1,230,990.67	\$ 726,214.73	\$ 980,957.86	447,427.35	\$ 469,201.40		3,854,792.01
Improvement Authorizations		1,343,508.30			208,114.18		1,551,622.48
Reserve for Amortization					5,221,077.34		5,221,077.34
Deferred Reserve for Amortization					2,212,891.82		2,212,891.82
Interfunds Payable	69,088.98	13,944.55	1,228.49		44.32		84,306.34
Serial Bonds		4,361,000.00			2,421,000.00		6,782,000.00
Special Emergency Notes	559,167.00						559,167.00
Loans Payable		199,767.63					199,767.63
Capital Lease Obligations Payable		833,000.00					833,000.00
Reserve for Receivables and Other Assets	209,662.66			98,907.25			308,569.91
Federal and State Grant Fund: Interfund Payable	116.19						116.19
Reserve for Encumbrances	3,540.00						3,540.00
Unappropriated/Appropriated Reserves	67,309.84						67,309.84
Total Liabilities and Reserves	2,591,336.86	7,477,435.21	982,186.35	751,579.98	10,532,329.06		22,334,867.46
Equity and Other Credits:							
Investment in General Fixed Assets Fund Balance	1,785,887.98	9,420.08	-	1,290,708.50	4,455.06	\$ 17,649,049.00	17,649,049.00
Total Equity and Other Credits	1,785,887.98	9,420.08	-	1,290,708.50	4,455.06	17,649,049.00	20,739,520.62
Total Liabilities, Reserves and Fund Balance	\$ 4,377,224.84	\$ 7,486,855.29	\$ 982,186.35	\$ 2,042,288.48	\$ 10,536,784.12	\$ 17,649,049.00	\$ 43,074,388.08

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT, BEACH UTILITY AND SEWER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 785,567.92	\$ 785,567.92		\$ 464,584.52	\$ 464,584.52	
Rents				1,905,000.00	2,009,189.26	\$ 104,189.26
Miscellaneous Revenues	1,085,169.54	1,206,558.72	\$ 121,389.18	1,690,965.50	1,844,993.49	154,027.99
State Aid	355,290.00	355,290.00				
Federal and State Grants	54,578.87	54,578.87				
	<u>2,280,606.33</u>	<u>2,401,995.51</u>	<u>121,389.18</u>	<u>4,060,550.02</u>	<u>4,318,767.27</u>	<u>258,217.25</u>
Receipts from Delinquent Taxes	169,000.00	168,781.10	(218.90)			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>6,922,340.17</u>	<u>7,153,782.76</u>	<u>231,442.59</u>			
Budget Totals	9,371,946.50	9,724,559.37	352,612.87			
Non-budget Revenues					16,521.97	16,521.97
Miscellaneous		53,645.02	53,645.02			
Other Credits to Income		496,860.30	496,860.30		200,226.50	200,226.50
Taxes Allocated to School and County		<u>9,105,378.85</u>	<u>9,105,378.85</u>			
Total Revenues	\$ <u>9,371,946.50</u>	\$ <u>19,380,443.54</u>	\$ <u>10,008,497.04</u>	\$ <u>4,060,550.02</u>	\$ <u>4,535,515.74</u>	\$ <u>474,965.72</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT, BEACH UTILITY AND SEWER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 901,619.64	\$ 901,619.64				
Land Use	29,474.18	29,474.18				
Code Enforcement	94,191.06	94,191.06				
Insurance	1,231,159.00	1,231,159.00				
Public Safety	2,430,916.58	2,430,916.58				
Public Works	1,044,680.48	1,044,680.48				
Health and Human Services	23,010.00	23,010.00				
Parks and Recreation	184,811.00	184,811.00				
Utility Expenses and Bulk Purchases	261,125.00	261,125.00				
Contingent	3,700.00	3,700.00				
Deferred Charges and Statutory Expenditures	771,179.99	771,179.99				
Excluded from "CAPS":						
Insurance	16,719.00	16,719.00				
Library	377,733.26	377,733.26				
State and Federal Grants	70,578.87	70,578.87				
Utility Operating				\$ 3,205,174.89	\$ 3,205,174.89	
Capital Improvements	220,000.00	220,000.00		339,920.00	339,920.00	
Debt Service	1,217,086.85	1,217,086.85		332,294.38	332,294.38	
Deferred Charges and Statutory Expenditures	134,583.50	134,583.50		183,160.75	183,160.75	
Reserve for Uncollected Taxes	359,378.09	359,378.09				
	<u>359,378.09</u>	<u>359,378.09</u>				
Total Budget Expenditures	<u>\$ 9,371,946.50</u>	<u>\$ 9,371,946.50</u>		<u>\$ 4,060,550.02</u>	<u>\$ 4,060,550.02</u>	

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CURRENT, BEACH UTILITY AND SEWER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds (1)		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
County and School Taxes		\$ 9,105,378.85	\$ (9,105,378.85)			
Total Expenditures	\$ 9,371,946.50	18,477,325.35	(9,105,378.85)	\$ 4,060,550.02	\$ 4,060,550.02	
Excess in Revenues over Expenditures/ Statutory Excess to Fund Balance		903,118.19	903,118.19		474,965.72	474,965.72
Fund Balance, January 1, 2016		1,785,887.98	1,785,887.98		1,290,708.50	1,290,708.50
		2,689,006.17	2,689,006.17		1,765,674.22	1,765,674.22
Decreased By:						
Utilization as Anticipated Revenue		785,567.92	785,567.92		464,584.52	464,584.52
Fund Balance, December 31, 2016	\$ -	\$ 1,903,438.25	\$ 1,903,438.25	\$ -	\$ 1,301,089.70	\$ 1,301,089.70

(1) Beach and Sewer Utility Operating.

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 3,053.65
<u>INCREASED BY</u>	
Premium on Sale of Notes	<u>6,148.70</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u><u>9,202.35</u></u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

BALANCE, DECEMBER 31, 2016 AND 2015 \$ 1,401.41

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$	9,420.08
 <u>INCREASED BY</u>		
Premium on Sale of Notes		<u>6,933.65</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$	<u><u>16,353.73</u></u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	December 31,	
	2016	2015
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,680,279.93	\$ 3,740,089.15
Due from State - Veterans and Senior Citizens	10,800.00	7,340.00
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	149,682.14	169,436.44
Tax Title Liens Receivable	1,754.55	1,578.41
Revenue Accounts Receivable	21,915.87	23,474.77
Interfunds Receivable:		
Due from Animal Control Trust Fund	37.77	
Due from Payroll Trust Fund		1,228.49
Due from General Capital Fund		13,944.55
Deferred Charges - Special Emergencies	214,583.50	349,167.00
 Total Current Fund	 4,079,053.76	 4,306,258.81
 Federal and State Grant Fund:		
Federal and State Grants Receivable	32,310.22	19,385.22
Interfund Receivable - Due from Current Fund	75,234.81	51,580.81
 Total Federal and State Grant Fund	 107,545.03	 70,966.03
 Total Assets	 \$ 4,186,598.79	 \$ 4,377,224.84

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	December 31,	
	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 463,451.27	\$ 451,461.52
Prepaid Taxes	133,074.85	119,661.21
Special Emergency Notes Payable	214,584.00	559,167.00
Tax Overpayments	17,018.14	22,521.04
Due County for Added and Omitted Taxes	6,148.44	4,051.26
Reserve for Encumbrances	279,894.06	211,502.20
Due to State of New Jersey:		
DCA/Marriage License Fees	2,274.00	2,157.00
Various Reserves	168,896.78	275,790.86
Reserve for Hurricane Sandy	30,115.67	30,115.67
Reserve for State Tax Appeals	30,060.99	55,521.43
Local District School Tax Payable	563,964.00	509,670.00
Interfunds Payable:		
Due to Beach Utility Capital Fund	17,508.17	17,508.17
Due to Federal and State Grant Fund	75,234.81	51,580.81
	2,002,225.18	2,310,708.17
Reserve for Receivables and Other Assets	173,390.33	209,662.66
Fund Balance	1,903,438.25	1,785,887.98
 Total Current Fund	 4,079,053.76	 4,306,258.81
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	97,800.22	61,511.21
Unappropriated	3,628.62	5,798.63
Due to Payroll Fund	116.19	116.19
Reserve for Encumbrances	6,000.00	3,540.00
 Total Federal and State Grant Fund	 107,545.03	 70,966.03
 Total Liabilities, Reserves and Fund Balance	 \$ 4,186,598.79	 \$ 4,377,224.84

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 785,567.92	\$ 735,626.60
Miscellaneous Revenues Anticipated	1,206,558.72	1,185,467.64
State Aid	355,290.00	355,290.00
Federal and State Grants	54,578.87	50,748.16
Receipts from Delinquent Taxes	168,781.10	202,168.19
Amount to be Raised by Taxation for Support of		
Municipal Budget	7,153,782.76	6,998,103.98
Non-Budget Revenues	53,645.02	77,531.92
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	470,303.45	377,752.61
Current Appropriations Canceled	11,383.81	27.94
Interfund Liquidation	15,173.04	22,958.41
Prior Year Liabilities Cancelled		40,399.99
Taxes Allocated to School and County Taxes	9,105,378.85	8,994,767.70
 Total Income	 19,380,443.54	 19,040,843.14
 Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	864,082.14	831,734.30
Land Use	29,474.18	29,291.36
Code Enforcement	94,191.06	87,534.03
Insurance	1,231,159.00	1,196,546.00
Public Safety	2,430,916.58	2,497,503.98
Public Works	1,044,680.48	944,424.52
Health and Human Services	23,010.00	24,860.00
Parks and Recreation	184,811.00	154,400.00
Utility Expenses and Bulk Purchases	261,125.00	270,125.00
Deferred Charges and Statutory Expenditures	771,179.99	723,808.38
Contingent	3,700.00	3,700.00
Excluded from "CAPS":		
General Government	37,537.50	54,095.00
Insurance	16,719.00	1,526.00
Library	377,733.26	363,238.24
State and Federal Grants	70,578.87	60,748.16
Capital Improvements	220,000.00	82,500.00
Municipal Debt Service	1,217,086.85	1,326,388.95
Deferred Charges and Statutory Expenditures	134,583.50	152,091.50
Reserve for Uncollected Taxes	359,378.09	355,920.28

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Expenditures (Continued):		
County Taxes	\$ 3,217,607.85	\$ 3,208,774.70
Interfunds Advanced		13,815.00
Operations		22,197.11
Local District School Taxes	<u>5,887,771.00</u>	<u>5,785,993.00</u>
 Total Expenditures	 <u>18,477,325.35</u>	 <u>18,191,215.51</u>
 Excess in Revenue Over		
Expenditures/Statutory Excess to Fund Balance	903,118.19	849,627.63
 Fund Balance, January 1	 <u>1,785,887.98</u>	 <u>1,671,886.95</u>
	2,689,006.17	2,521,514.58
 Decreased by:		
Utilized as Anticipated Revenue	<u>785,567.92</u>	<u>735,626.60</u>
 Fund Balance, December 31	 <u>\$ 1,903,438.25</u>	 <u>\$ 1,785,887.98</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Budget As <u>Modified</u>	Added by N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ 785,567.92		\$ 785,567.92	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	20,000.00		20,000.00	
Other	7,250.00		6,858.00	\$ (392.00)
Fees and Permits:				
Construction Code Official Fees	136,000.00		172,557.00	36,557.00
Fines and Costs:				
Municipal Court	325,000.00		356,559.29	31,559.29
Interest and Costs on Taxes	45,000.00		41,838.21	(3,161.79)
Interest on Investments and Deposits	900.00		1,899.84	999.84
Cable Television Fees	54,965.00		54,965.00	
Concession Rents	71,340.50		75,859.38	4,518.88
Parking Meters	87,000.00		89,012.48	2,012.48
	<u>833,155.50</u>		<u>932,626.30</u>	<u>99,470.80</u>
Energy Receipts Tax	<u>355,290.00</u>		<u>355,290.00</u>	
	<u>355,290.00</u>		<u>355,290.00</u>	
Special Items of Revenue Offset with Appropriations:				
Drunk Driving Enforcement Fund	5,268.23		5,268.23	
Clean Communities Program		\$ 14,797.86	14,797.86	
Municipal Court Alcohol/Education/Rehab	530.40		530.40	
Body Armor Replacement Program		1,863.38	1,863.38	
Body Worn Camera Grant		3,000.00	3,000.00	
Municipal Alliance on Alcoholism and Drug Abuse Funding	20,000.00		20,000.00	
Green Acres Lot Parking Meters Fees	9,119.00		9,119.00	
	<u>34,917.63</u>	<u>19,661.24</u>	<u>54,578.87</u>	
Special Items of Revenue with Prior Consent of the Director:				
Uniform Fire Safety Act	4,969.61		3,950.05	(1,019.56)
Verizon Franchise Fees	31,385.65		31,385.65	
Cell Tower Rental Fees	47,096.28		51,413.22	4,316.94
Code Enforcement Permits	33,000.00		51,441.00	18,441.00
Library Payment of Services	2,275.00		2,275.00	
Library Contribution for Debt Service	95,750.00		95,750.00	
Court Shared Service - Borough of Avon	17,517.50		17,517.50	
Court Shared Service - Borough of Neptune	20,020.00		20,200.00	180.00
	<u>252,014.04</u>		<u>273,932.42</u>	<u>21,918.38</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Budget As Modified	Added by N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Receipts from Delinquent Taxes	\$ 169,000.00		\$ 168,781.10	\$ (218.90)
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,544,606.91		6,776,049.50	231,442.59
Minimum Library Levy	377,733.26		377,733.26	
	<u>6,922,340.17</u>		<u>7,153,782.76</u>	<u>231,442.59</u>
Budget Totals	9,352,285.26	\$ 19,661.24	9,724,559.37	352,612.87
Non-Budget Revenue			53,645.02	53,645.02
	<u>\$ 9,352,285.26</u>	<u>\$ 19,661.24</u>	<u>\$ 9,778,204.39</u>	<u>\$ 406,257.89</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
GENERAL GOVERNMENT FUNCTIONS						
General Administration:						
Salaries and Wages	\$ 91,265.10	\$ 91,265.10	\$ 91,265.10			
Other Expenses	5,200.00	5,200.00	5,064.33	\$ 130.67	\$ 5.00	
Human Resources:						
Salaries and Wages						
Other Expenses	11,500.00	11,500.00	280.00		11,220.00	
Mayor and Council:						
Salaries and Wages	14,400.00	14,400.00	14,400.00			
Other Expenses	9,800.00	9,800.00	7,106.00		2,694.00	
Municipal Clerk:						
Salaries and Wages	128,082.90	128,082.90	127,200.48		882.42	
Other Expenses	55,325.00	42,325.00	34,671.51	4,691.40	2,962.09	
Codification of Ordinances						
Financial Administration:						
Salaries and Wages	93,065.46	93,065.46	83,771.75		9,293.71	
Other Expenses	34,283.00	34,283.00	28,361.05	2,438.99	3,482.96	
Audit Services:						
Other Expenses	16,750.00	16,750.00	2,000.00	14,750.00		
Revenue Administration:						
Salaries and Wages	15,498.22	15,498.22	11,885.06		3,613.16	
Other Expenses	20,005.00	20,005.00	9,165.61	3,076.00	7,763.39	
Tax Assessment Administration:						
Salaries and Wages	25,693.86	25,693.86	25,693.86			
Other Expenses	20,100.00	20,100.00	19,159.43	31.26	909.31	
Revaluation						
Legal Services:						
Salaries and Wages	58,500.00	58,500.00	58,500.00			
Other Expenses	11,000.00	11,000.00	7,665.64	1,917.75	1,416.61	
Engineering Services and Costs:						
Other Expenses	15,000.00	28,000.00	22,286.00	2,590.00	3,134.00	
Architect Services						
Other Expenses	5,000.00	5,000.00	1,491.00		3,509.00	
LAND USE ADMINISTRATION						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries and Wages	5,299.59	5,299.59	5,299.59			
Other Expenses	12,787.50	9,787.50	7,132.96		2,654.54	
Zoning Board of Adjustment:						
Salaries and Wages	5,299.59	5,299.59	5,299.59			
Other Expenses	6,087.50	9,087.50	7,523.05	343.95	1,220.50	

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
CODE ENFORCEMENT AND ADMINISTRATION						
Other Code Enforcement Functions (Code Enforcement Officer):						
Salaries and Wages	\$ 83,361.06	\$ 80,861.06	\$ 80,121.30		\$ 739.76	
Other Expenses	9,330.00	13,330.00	7,743.15	\$ 4,938.89	647.96	
INSURANCE						
Surety Bond Premium	836.00	836.00	836.00			
Liability Insurance	84,862.00	84,862.00	84,862.00			
Worker Compensation Insurance	137,750.00	137,750.00	136,700.70		1,049.30	
Employee Group Insurance	977,311.00	970,711.00	798,914.21	105,882.93	65,913.86	
Unemployment Insurance	10,000.00	10,000.00	10,000.00			
JIF Insurance Termination Payment	27,000.00	27,000.00	27,000.00			
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries and Wages	1,940,492.15	1,919,892.15	1,849,771.09		70,121.06	
Other Expenses	120,548.37	137,548.37	121,569.61	15,388.33	590.43	
Police Dispatch/911:						
Salaries and Wages	146,160.00	146,160.00	106,144.00		40,016.00	
Other Expenses	3,600.00	3,600.00	2,757.61	324.34	518.05	
Office of Emergency Management:						
Salaries and Wages	8,000.00	8,000.00	8,000.00			
Other Expenses	5,000.00	5,000.00	5,000.00			
Aid to Volunteer Ambulance Company						
Fire:	25,000.00	25,000.00	25,000.00			
Salaries and Wages	3,700.00	3,700.00	1,454.12		2,245.88	
Other Expenses	106,430.00	106,430.00	60,038.18	26,628.01	19,763.81	
Fire Hydrants:						
Other Expenses	37,500.00	37,500.00	31,750.40	2,886.40	2,863.20	
Uniform Fire Safety Act (Ch. 383 P.L. 1983):						
Other Expenses	100.00	100.00			100.00	
Fire Prevention Bureau:						
Salaries and Wages	34,911.06	34,911.06	33,449.26		1,461.80	
Other Expenses	3,075.00	3,075.00	2,012.50	306.74	755.76	
Municipal Prosecutor:						
Salaries and Wages	17,340.00	17,340.00	17,340.00			
Municipal Court:						
Salaries and Wages	61,279.60	65,879.60	64,528.57		1,351.03	
Other Expenses	35,500.00	41,100.00	32,773.42	8,112.58	214.00	
Public Defender:						
Salaries and Wages	3,600.00					

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repair and Maintenance:						
Salaries and Wages	\$ 420,074.50	\$ 420,074.50	\$ 417,147.36		\$ 2,927.14	
Other Expenses	134,650.00	133,150.00	102,997.71	\$ 15,533.58	14,618.71	
Solid Waste Collection:						
Garbage and Trash Removal:						
Salaries and Wages	6,840.00	6,840.00	6,754.50		85.50	
Other Expenses	311,180.00	311,180.00	281,522.04	12,000.84	17,657.12	
Buildings and Grounds:						
Salaries and Wages	18,385.98	18,385.98	18,385.92		0.06	
Other Expenses	63,450.00	65,950.00	54,586.62	10,533.52	829.86	
Vehicle Maintenance:						
Other Expenses	86,500.00	89,100.00	82,512.68	6,578.49	8.83	
Community Services Act:						
Other Expenses	12,000.00	12,000.00	6,750.00		5,250.00	
PEOSHA - Hepatitis "B" Immunization	1,250.00	1,250.00	755.00		495.00	
Safety Regulators Coordinator	510.00	510.00	499.92		10.08	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Environmental Commission:						
Other Expenses	2,800.00	2,800.00	1,298.48		1,501.52	
Animal Control Services:						
Other Expenses	12,710.00	12,710.00	11,649.00	1,061.00		
Contribution to Social Services Agencies:						
Other Expenses	7,500.00	7,500.00	6,045.00	1,455.00		

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PARK AND RECREATION FUNCTIONS</u>						
Recreation:						
Salaries and Wages	\$ 63,611.00	\$ 66,111.00	\$ 65,453.00		\$ 658.00	
Other Expenses	50,150.00	47,650.00	28,036.32	2,747.99	16,865.69	
Arts at the Beach	6,500.00	6,500.00	5,651.38		848.62	
Senior Citizen	1,200.00	1,200.00	1,200.00			
Historical Museum Contribution	1,000.00	1,000.00	1,000.00			
Celebration of Public Events:						
Salaries and Wages	250.00	250.00			250.00	
Other Expenses	13,300.00	13,300.00	12,159.00	129.00	1,012.00	
Maintenance of Parks:						
Salaries and Wages	5,000.00	5,000.00	1,640.00		3,360.00	
Other Expenses	43,800.00	43,800.00	23,203.07	1,158.48	19,438.45	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	50,000.00	50,000.00	45,741.90	4,258.10		
Street Lighting	80,000.00	80,000.00	64,922.38	5,816.09	9,261.53	
Telephone	25,000.00	25,000.00	19,746.93	1,162.00	4,091.07	
Heat - Gas	32,000.00	32,000.00	19,030.10		12,969.90	
Gasoline	35,000.00	35,000.00	21,845.32	1,058.90	12,095.78	
Water	19,000.00	19,000.00	9,904.86	428.52	8,666.62	
Telecommunication Costs	20,125.00	20,125.00	18,052.25	1,993.64	79.11	
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Construction Code Department:						
Salaries and Wages	92,059.00	89,059.00	86,435.73		2,623.27	
Other Expenses	4,975.00	6,475.00	4,665.46	1,790.45	19.09	
<u>CONTINGENT</u>	<u>3,700.00</u>	<u>3,700.00</u>			<u>3,700.00</u>	
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	<u>6,167,149.44</u>	<u>6,167,149.44</u>	<u>5,502,580.06</u>	<u>262,133.84</u>	<u>402,435.54</u>	

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES -						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 133,982.25	\$ 133,982.25	\$ 127,283.07		\$ 6,699.18	
Social Security System (O.A.S.I.)	140,000.00	140,000.00	120,810.19		19,189.81	
Consolidated Police and Firemen's Pension Fund	8,802.96	8,802.96	8,802.96			
Contribution to:						
Administrative Fees (PFRS)	<u>160.78</u>	<u>160.78</u>	<u>160.78</u>			
 Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	 <u>771,179.99</u>	 <u>771,179.99</u>	 <u>745,291.00</u>		 <u>25,888.99</u>	
 Total General Appropriations for Municipal Purposes within "CAPS"	 <u>6,938,329.43</u>	 <u>6,938,329.43</u>	 <u>6,247,871.06</u>	\$ <u>262,133.84</u>	 <u>428,324.53</u>	
 OPERATIONS - EXCLUDED FROM "CAPS"						
Other Operations - Excluded from "CAPS":						
Maintenance of Free Public Library	377,733.26	377,733.26	377,730.76	2.50		
Insurance:						
Employee Group Insurance	<u>16,719.00</u>	<u>16,719.00</u>	<u>16,719.00</u>			
 Total Other Operations - Excluded from "CAPS"	 <u>394,452.26</u>	 <u>394,452.26</u>	 <u>394,449.76</u>	 <u>2.50</u>		
 Interlocal Municipal Service Agreements:						
Municipal Court Services - Borough of Avon	17,517.50	17,517.50	17,517.50			
Municipal Court Services - Borough of Neptune	<u>20,020.00</u>	<u>20,020.00</u>	<u>20,020.00</u>			
 Total Interlocal Municipal Service Agreements	 <u>37,537.50</u>	 <u>37,537.50</u>	 <u>37,537.50</u>			
 Public and Private Programs Offset by Revenues:						
Alliance to Prevent Alcoholism & Drug Abuse:						
Grant Portion	20,000.00	20,000.00	20,000.00			
Match Portion	5,000.00	5,000.00	5,000.00			
Municipal Court Alcohol Education	530.40	530.40	530.40			
Matching Funds for Grant Programs	5,000.00	11,000.00	11,000.00			
Green Acres Lot, Parking Meters, Parks and Playgrounds	<u>9,119.00</u>	<u>9,119.00</u>	<u>9,119.00</u>			
 Total Public and Private Programs Offset by Revenues	 <u>\$ 44,917.63</u>	 <u>\$ 70,578.87</u>	 <u>\$ 70,578.87</u>			

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 50,000.00	\$ 44,000.00	\$ 44,000.00			
Capital Outlay - PW New Roof	25,000.00	25,000.00	25,000.00			
Ocean Ave Striping and Numbering	25,000.00	25,000.00	25,000.00			
"To go" Trailer and Equipment	15,000.00	15,000.00	15,000.00			
Improvements to Sylvan Lake	48,000.00	48,000.00	48,000.00			
Sink Hole Repairs	<u>50,000.00</u>	<u>50,000.00</u>	<u>14,873.26</u>		\$ 35,126.74	
Total Capital Improvements Excluded from "CAPS"	<u>226,000.00</u>	<u>220,000.00</u>	<u>184,873.26</u>		<u>35,126.74</u>	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	731,000.00	731,000.00	731,000.00			
Interest on Bonds	175,090.42	175,090.42	175,089.64			\$ 0.78
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	24,364.48	24,364.48	24,364.48			
Interest on Special Emergency Notes	4,291.99	4,291.99	4,280.91			11.08
Capital Lease Obligations						
Principal	227,000.00	227,000.00	227,000.00			
Interest	45,148.04	45,148.04	33,776.09			11,371.95
Principal and Interest on Interlocal Service Obligations	<u>10,191.92</u>	<u>10,191.92</u>	<u>10,191.92</u>			
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,217,086.85</u>	<u>1,217,086.85</u>	<u>1,205,703.04</u>			<u>11,383.81</u>
<u>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</u>						
Special Emergency 5 Years - Revaluation (N.J.S. 40A:4-53)	40,000.00	40,000.00	40,000.00			
Special Emergency 5 Years - Hurricane Sandy (N.J.S. 40A:4-55.)	<u>94,583.50</u>	<u>94,583.50</u>	<u>94,583.50</u>			
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>134,583.50</u>	<u>134,583.50</u>	<u>134,583.50</u>			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,054,577.74</u>	<u>2,074,238.98</u>	<u>2,027,725.93</u>	\$ 2.50	35,126.74	11,383.81
Subtotal General Appropriations	<u>8,992,907.17</u>	<u>9,012,568.41</u>	<u>8,275,596.99</u>	262,136.34	463,451.27	
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>359,378.09</u>	<u>359,378.09</u>	<u>359,378.09</u>			
Total General Appropriations.	<u>\$ 9,352,285.26</u>	<u>\$ 9,371,946.50</u>	<u>\$ 8,634,975.08</u>	<u>\$ 262,136.34</u>	<u>\$ 463,451.27</u>	<u>\$ 11,383.81</u>
Budget		\$ 9,352,285.26				
Appropriation by NJSA 40A: 4-87		<u>19,661.24</u>				
		<u>\$ 9,371,946.50</u>				
Cash Disbursed			\$ 8,070,434.62			
Public and Private Programs Offset by Revenues			70,578.87			
Special Emergency Authorizations			134,583.50			
Reserve for Uncollected Taxes			<u>359,378.09</u>			
			<u>\$ 8,634,975.08</u>			

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	<u>Payroll</u>		<u>Animal Control</u>		<u>Other</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
ASSETS						
Cash and Cash Equivalents	\$ 26,904.39	\$ 24,458.55	\$ 4,905.77	\$ 4,353.21	\$ 712,425.14	\$ 932,542.70
Interfund Receivable:						
Due from Federal and State Grant Fund	116.19	116.19				
Other Receivable						50.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 27,020.58</u>	<u>\$ 24,574.74</u>	<u>\$ 4,905.77</u>	<u>\$ 4,353.21</u>	<u>\$ 712,425.14</u>	<u>\$ 932,592.70</u>
LIABILITIES AND RESERVES						
Interfund Payable:						
Due to Current Fund		\$ 1,228.49	\$ 37.77			
Reserve for Encumbrances					\$ 130.00	
Reserve for New Jersey Unemployment Compensation					\$ 151,221.47	134,780.88
Payroll Deductions Payable	\$ 27,020.58	23,346.25				
Various Reserves			4,868.00	\$ 4,353.21	561,203.67	797,681.82
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Reserves	<u>\$ 27,020.58</u>	<u>\$ 24,574.74</u>	<u>\$ 4,905.77</u>	<u>\$ 4,353.21</u>	<u>\$ 712,425.14</u>	<u>\$ 932,592.70</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	<u>Public Assistance</u>		<u>Tourism</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
ASSETS						
Cash and Cash Equivalents	\$ 4,889.40	\$ 4,888.91	\$ 14,701.94	\$ 15,776.79	\$ 763,826.64	\$ 982,020.16
Interfund Receivable:						
Due from Federal and State Grant Fund					116.19	116.19
Other Receivable						50.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,889.40</u>	<u>\$ 4,888.91</u>	<u>\$ 14,701.94</u>	<u>\$ 15,776.79</u>	<u>\$ 763,942.83</u>	<u>\$ 982,186.35</u>
LIABILITIES AND RESERVES						
Interfund Payable:						
Due to Current Fund					\$ 37.77	\$ 1,228.49
Reserve for Encumbrances						130.00
Reserve for New Jersey Unemployment Compensation					151,221.47	134,780.88
Payroll Deductions Payable					27,020.58	23,346.25
Reserves	<u>\$ 4,889.40</u>	<u>\$ 4,888.91</u>	<u>\$ 14,701.94</u>	<u>\$ 15,776.79</u>	<u>585,663.01</u>	<u>822,700.73</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Reserves	<u>\$ 4,889.40</u>	<u>\$ 4,888.91</u>	<u>\$ 14,701.94</u>	<u>\$ 15,776.79</u>	<u>\$ 763,942.83</u>	<u>\$ 982,186.35</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	December 31,	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 934,821.37	\$ 1,605,448.66
Intergovernmental Accounts Receivable	<u>185,176.52</u>	<u>315,985.00</u>
Deferred Charges to Future Taxation:		
Funded	3,723,296.66	4,560,767.63
Unfunded	<u>1,085,927.00</u>	<u>171,654.00</u>
	<u>4,809,223.66</u>	<u>4,732,421.63</u>
Obligations Under Capital Lease - Unfunded	<u>606,000.00</u>	<u>833,000.00</u>
Total Assets	<u>\$ 6,535,221.55</u>	<u>\$ 7,486,855.29</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds	\$ 3,544,000.00	\$ 4,361,000.00
Bond Anticipation Notes	<u>723,500.00</u>	<u> </u>
Capital Lease Obligations Payable - Principal	<u>606,000.00</u>	<u>833,000.00</u>
Due to State of New Jersey - Green Trust Loan	<u>179,296.66</u>	<u>199,767.63</u>
Interfund Payable-		
Due to Current Fund		<u>13,944.55</u>
Other Liabilities and Reserves:		
Capital Improvement Fund	49,801.76	58,528.76
Reserve for Encumbrances	309,707.38	553,416.68
Reserve for Fletcher Lake Improvements, Unappropriated	20.00	20.00
Reserve for Recreation Building, Unappropriated	1,231.86	1,231.86
Reserve for Payment of Bonds	36,860.17	9,742.40
Reserve of Sylvan Lake Aerator	4,500.00	4,500.00
Reserve for Interlocal Agreement - Salt Dome	11,808.57	11,808.57
Reserve for Preliminary Costs - Solar Panels	500.00	500.00
Reserve for NJLM Sustainable Grant	1,009.01	1,009.01
Reserve for Regional Contribution Agreement - Interest Income	19,606.92	19,603.44
Reserve for Library Accessibility	22,854.01	22,854.01
Reserve for PW Roof Repairs	50,000.00	25,000.00
Reserve for Sylvan Lake Improvements	65,856.25	8,000.00
Reserve for Surveillance System	10,000.00	10,000.00
Reserve for Public Works Generator	13,000.00	<u> </u>
	<u>596,755.93</u>	<u>726,214.73</u>
Improvement Authorizations:		
Funded	505,161.46	1,287,146.97
Unfunded	<u>364,153.77</u>	<u>56,361.33</u>
	<u>869,315.23</u>	<u>1,343,508.30</u>
Fund Balance	<u>16,353.73</u>	<u>9,420.08</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,535,221.55</u>	<u>\$ 7,486,855.29</u>

There were Bonds and Notes Authorized But Not Issued of \$362,427.00 and \$171,654.00 at December 31, 2016 and 2015, respectively.

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - BEACH UTILITY AND SEWER UTILITY OPERATING FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Beach Utility		Sewer Utility		Totals	
	2016	2015	2016	2015	2016	2015
ASSETS						
Operating Fund:						
Cash and Cash Equivalents	\$ 845,104.21	\$ 915,518.62	\$ 1,115,084.22	\$ 1,027,818.29	\$ 1,960,188.43	\$ 1,943,336.91
Consumer Accounts Receivable			76,729.36	98,907.25	76,729.36	98,907.25
Interfunds Receivable:						
Due from Beach Utility Capital Fund	47.74	23.87			47.74	23.87
Due from Sewer Utility Capital Fund				20.45		20.45
Total Assets	<u>\$ 845,151.95</u>	<u>\$ 915,542.49</u>	<u>\$ 1,191,813.58</u>	<u>\$ 1,126,745.99</u>	<u>\$ 2,036,965.53</u>	<u>\$ 2,042,288.48</u>
LIABILITIES, RESERVES AND FUND BALANCE						
Operating Fund:						
Liabilities:						
Appropriation Reserves	\$ 98,835.98	\$ 129,567.26	\$ 127,604.48	\$ 75,678.12	\$ 226,440.46	\$ 205,245.38
Other Liabilities and Reserves:						
Reserve for Encumbrances	34,403.57	33,213.41	34,765.93	100,586.02	69,169.50	133,799.43
Reserve for Utilization of Banked Time	31,000.00	21,000.00	63,101.48	43,101.48	94,101.48	64,101.48
Reserve for Beach Enhancement Donations	4,705.53	4,705.53			4,705.53	4,705.53
Prepaid Bathing Badges	131,950.00	130,185.00			131,950.00	130,185.00
Sewer Rent Overpayments			7,707.51	15,434.43	7,707.51	15,434.43
Prepaid Sewer Rents			7,846.90	12,023.71	7,846.90	12,023.71
Accrued Interest on Bonds and Notes	13,795.83	9,551.45	3,887.21	3,887.21	17,683.04	13,438.66
Due to Lienholder			6.81	6.81	6.81	6.81
Various Reserves	46,994.62	48,900.80	52,540.62	24,831.50	99,535.24	73,732.30
	<u>262,849.55</u>	<u>247,556.19</u>	<u>169,856.46</u>	<u>199,871.16</u>	<u>432,706.01</u>	<u>447,427.35</u>
Reserve for Receivables			76,729.36	98,907.25	76,729.36	98,907.25
Fund Balance	<u>483,466.42</u>	<u>538,419.04</u>	<u>817,623.28</u>	<u>752,289.46</u>	<u>1,301,089.70</u>	<u>1,290,708.50</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 845,151.95</u>	<u>\$ 915,542.49</u>	<u>\$ 1,191,813.58</u>	<u>\$ 1,126,745.99</u>	<u>\$ 2,036,965.53</u>	<u>\$ 2,042,288.48</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
BEACH UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 348,749.95	\$ 277,905.20
Bathing Badges	1,612,820.66	1,742,825.25
Concession Rents	75,659.37	76,089.75
Parking Meters	90,852.12	59,482.91
Beach Locker Fees	63,200.00	49,925.00
Interest on Investments	2,461.34	2,077.85
Beach Capital Fund Balance		57,000.00
FEMA Reimbursement		150,000.00
Non-budget Revenue	6,159.73	12,139.15
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>133,609.61</u>	<u>41,854.88</u>
Total Income	<u>2,333,512.78</u>	<u>2,469,299.99</u>
Expenditures:		
Operating:		
Salaries and Wages	1,037,273.68	1,022,682.79
Other Expenses	551,647.39	572,114.86
Capital Improvements	87,000.00	47,000.00
Debt Service	267,794.38	262,307.55
Deferred Charges and Statutory Expenditures	<u>96,000.00</u>	<u>84,000.00</u>
Total Expenditures	<u>2,039,715.45</u>	<u>1,988,105.20</u>
Excess in Revenues/ Statutory Excess to Fund Balance	293,797.33	481,194.79
Fund Balance, January 1	<u>538,419.04</u>	<u>335,129.45</u>
	832,216.37	816,324.24
Decreased by:		
Utilization as Anticipated Revenue	<u>348,749.95</u>	<u>277,905.20</u>
Fund Balance, December 31	<u>\$ 483,466.42</u>	<u>\$ 538,419.04</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
BEACH UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 1,037,273.68	\$ 1,037,273.68	\$ 990,790.98		\$ 46,482.70
Other Expenses	551,647.39	551,647.39	476,466.11	\$ 34,403.57	40,777.71
Total Operating	<u>1,588,921.07</u>	<u>1,588,921.07</u>	<u>1,467,257.09</u>	<u>34,403.57</u>	<u>87,260.41</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	9,000.00	9,000.00	9,000.00		
Capital Outlay	78,000.00	78,000.00	76,947.90		1,052.10
Total Capital Improvements	<u>87,000.00</u>	<u>87,000.00</u>	<u>85,947.90</u>		<u>1,052.10</u>
<u>DEBT SERVICE</u>					
Payment of Bond Principal	188,000.00	188,000.00	188,000.00		
Interest on Bonds	71,669.38	71,669.38	71,669.38		
Interest on Notes	8,125.00	8,125.00	8,125.00		
Total Debt Service	<u>267,794.38</u>	<u>267,794.38</u>	<u>267,794.38</u>		
<u>STATUTORY EXPENDITURES</u>					
Contribution to:					
Social Security System (O.A.S.I.)	86,000.00	86,000.00	75,476.53		10,523.47
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Total Statutory Expenditures	<u>96,000.00</u>	<u>96,000.00</u>	<u>85,476.53</u>		<u>10,523.47</u>
Total Beach Utility Appropriations	<u>\$ 2,039,715.45</u>	<u>\$ 2,039,715.45</u>	<u>\$ 1,906,475.90</u>	<u>\$ 34,403.57</u>	<u>\$ 98,835.98</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	\$ 115,834.57	\$ 132,685.40
Rents	2,009,189.26	1,996,181.90
Non-budget Revenue	10,362.24	14,253.85
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>66,616.89</u>	<u>69,062.46</u>
Total Income	<u>2,202,002.96</u>	<u>2,212,183.61</u>
Expenditures:		
Operating:		
Salaries and Wages	365,808.82	326,317.32
Other Expenses	1,250,445.00	1,208,712.55
Capital Improvements	252,920.00	147,607.00
Debt Service	64,500.00	263,253.03
Deferred Charges and Statutory Expenditures	<u>87,160.75</u>	<u>86,795.50</u>
Total Expenditures	<u>2,020,834.57</u>	<u>2,032,685.40</u>
Statutory Excess to Fund Balance	181,168.39	179,498.21
Fund Balance, January 1	<u>752,289.46</u>	<u>705,476.65</u>
	933,457.85	884,974.86
Decreased by:		
Utilization as Anticipated Revenue	<u>115,834.57</u>	<u>132,685.40</u>
Fund Balance, December 31	<u>\$ 817,623.28</u>	<u>\$ 752,289.46</u>

See accompanying notes to the basic financial statements.

**BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Fund Balance Anticipated	\$ 115,834.57	\$ 115,834.57	
Rents	<u>1,905,000.00</u>	<u>2,009,189.26</u>	\$ <u>104,189.26</u>
	2,020,834.57	2,125,023.83	104,189.26
Non-Budget Revenue	<u> </u>	<u>10,362.24</u>	<u>10,362.24</u>
	<u>\$ 2,020,834.57</u>	<u>\$ 2,135,386.07</u>	<u>\$ 114,551.50</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 365,808.82	\$ 365,808.82	\$ 345,864.97		\$ 19,943.85
Other Expenses	474,445.00	474,445.00	350,331.78	\$ 19,023.93	105,089.29
Sewer Service Agreement with the Neptune Township Sewerage Authority	<u>776,000.00</u>	<u>776,000.00</u>	<u>760,258.00</u>	<u>15,742.00</u>	<u> </u>
Total Operating	<u>1,616,253.82</u>	<u>1,616,253.82</u>	<u>1,456,454.75</u>	<u>34,765.93</u>	<u>125,033.14</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	<u>252,920.00</u>	<u>252,920.00</u>	<u>252,920.00</u>		
Total Capital Improvements	<u>252,920.00</u>	<u>252,920.00</u>	<u>252,920.00</u>		
<u>DEBT SERVICE</u>					
Payment of Bond Principal	30,000.00	30,000.00	30,000.00		
Interest on Bonds	<u>34,500.00</u>	<u>34,500.00</u>	<u>34,500.00</u>		
Total Debt Service	<u>64,500.00</u>	<u>64,500.00</u>	<u>64,500.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	44,660.75	44,660.75	44,660.75		
Social Security System (O.A.S.I.)	27,500.00	27,500.00	24,928.66		2,571.34
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>		<u> </u>
Total Deferred Charges and Statutory Expenditures	<u>87,160.75</u>	<u>87,160.75</u>	<u>84,589.41</u>		<u>2,571.34</u>
Total Sewer Utility Appropriations	<u>\$ 2,020,834.57</u>	<u>\$ 2,020,834.57</u>	<u>\$ 1,858,464.16</u>	<u>\$ 34,765.93</u>	<u>\$ 127,604.48</u>

See accompanying notes to the basic financial statements.

BOROUGH OF BRADLEY BEACH
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
BEACH UTILITY AND SEWER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Beach Utility Capital Fund		Sewer Utility Capital Fund		Totals	
	2016	2015	2016	2015	2016	2015
ASSETS						
Cash and Cash Equivalents	\$ 301,744.55	\$ 326,000.34	\$ 587,848.73	\$ 338,306.45	\$ 889,593.28	\$ 664,306.79
Interfunds Receivable:						
Due from Current Fund	17,508.17	17,508.17			17,508.17	17,508.17
Fixed Capital	3,390,929.15	2,678,451.81	4,662,385.74	3,380,541.85	8,053,314.89	6,058,993.66
Fixed Capital Authorized and Uncompleted	2,810,648.56	2,804,975.50	1,385.61	991,000.00	2,812,034.17	3,795,975.50
	6,201,577.71	5,483,427.31	4,663,771.35	4,371,541.85	10,865,349.06	9,854,969.16
Total Assets	\$ 6,520,830.43	\$ 5,826,935.82	\$ 5,251,620.08	\$ 4,709,848.80	\$ 11,772,450.51	\$ 10,536,784.62
LIABILITIES, RESERVES AND FUND BALANCE						
Serial Bonds	\$ 1,443,000.00	\$ 1,631,000.00	\$ 760,000.00	\$ 790,000.00	\$ 2,203,000.00	\$ 2,421,000.00
Bond Anticipation Notes	635,000.00				635,000.00	
Due to Sewer Utility Operating Fund				20.45		20.45
Due to Beach Utility Operating Fund	47.74	23.87		0.50	47.74	24.37
Improvement Authorizations:						
Funded	94,046.05	206,728.57	1,385.61	1,385.61	95,431.66	208,114.18
Unfunded	5,673.06				5,673.06	
	99,719.11	206,728.57	1,385.61	1,385.61	101,104.72	208,114.18
Capital Improvement Fund	36,899.61	27,899.61	191,251.94	191,251.94	228,151.55	219,151.55
Accounts Payable		7,125.00				7,125.00
Reserve for Encumbrances	137,563.91	88,177.81	2,200.00	4,707.27	139,763.91	92,885.08
Reserve for Roof Repairs			100,000.00	25,000.00	100,000.00	25,000.00
Reserve for Payment of Bonds			39,539.77	39,539.77	39,539.77	39,539.77
Reserve for Upgrade to Public Safety Station	22,820.00	10,500.00			22,820.00	10,500.00
Reserve for Video Inspection of Sewer Lines			25,000.00	25,000.00	25,000.00	25,000.00
Reserve for Public Works Generator	13,000.00		13,000.00		26,000.00	
Reserve for Sewer Infrastructure Upgrades			114,070.00		114,070.00	
Reserve for Manhole Resetting			100,000.00	50,000.00	100,000.00	50,000.00
	210,283.52	133,702.42	585,061.71	335,498.98	795,345.23	469,201.40
Reserve for Amortization	2,081,685.89	1,810,535.49	3,732,771.35	3,410,541.85	5,814,457.24	5,221,077.34
Deferred Reserve for Amortization	2,041,891.82	2,041,891.82	171,000.00	171,000.00	2,212,891.82	2,212,891.82
Fund Balance	9,202.35	3,053.65	1,401.41	1,401.41	10,603.76	4,455.06
Total Liabilities, Reserves and Fund Balance	\$ 6,520,830.43	\$ 5,826,935.82	\$ 5,251,620.08	\$ 4,709,848.80	\$ 11,772,450.51	\$ 10,536,784.62

There were no Bonds and Notes Authorized but not Issued in the Beach Utility Capital Fund or the Sewer Utility Capital Fund as of December 31, 2016 and 2015.

BOROUGH OF BRADLEY BEACH
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	December 31,	
	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 4,978,400.00	\$ 3,708,400.00
Buildings	9,431,238.00	9,023,362.00
Equipment	2,123,613.00	1,941,572.00
Vehicles	<u>3,092,851.00</u>	<u>2,975,715.00</u>
	<u>\$ 19,626,102.00</u>	<u>\$ 17,649,049.00</u>
 Investment in General Fixed Assets	 <u>\$ 19,626,102.00</u>	 <u>\$ 17,649,049.00</u>
	<u>\$ 19,626,102.00</u>	<u>\$ 17,649,049.00</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Borough of Bradley Beach
Notes to Basic Financial Statements
Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

Reporting Entity

The Governmental Accounting Standards Board (GASB) has established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") requires the financial statements of the Borough of Bradley Beach ("Borough") to be reported separately.

The Borough is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

Entity-wide and Fund Financial Statements

The entity-wide financial statements (i.e., the combined statement of assets, liabilities, reserves and fund balance - regulatory basis and the combined statement of revenues, expenses and changes in fund balance - budget and actual - regulatory basis) report information on all of the activities of the Borough.

Separate fund financial statements are reported for each fund following the entity-wide financial statements.

Description of Funds

The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States (GAAP).

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operations of a specific government activity.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies – (Continued)

As required by the Division, the Borough accounts for its financial transactions through the following individual funds and account group:

Current Fund – records resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund – records the receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was established.

General Capital Fund – records the receipt and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired through the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Beach Utility Operating and Capital Funds – account for the operation and acquisition of capital facilities of the municipally-owned beach.

Sewer Utility Operating and Capital Funds – account for the operation and acquisition of capital facilities of the municipally-owned sewer utility.

General Fixed Assets Account Group – utilized to account for land, buildings, machinery, equipment and vehicles that have been acquired by other governmental funds, other than utility funds.

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from GAAP applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey 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. 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 comparative statements of assets, liabilities, reserves and fund balance - regulatory basis 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. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies – (Continued)

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Unexpended or uncommitted appropriations at December 31 are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. 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. GAAP requires expenditures in the Current Fund to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Appropriation Reserves – unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis. Appropriation reserves are not established under GAAP.

Encumbrances – contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Deferred Charges – the basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances.

Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for deferred charges on the Current Fund, Beach Utility Fund or Sewer Utility Fund comparative statements of assets, liabilities and fund balance - regulatory basis. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies – (Continued)

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

Sale of Municipal Assets – the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

Inventories of Supplies – the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various comparative statements of assets, liabilities and fund balance - regulatory basis. GAAP does not require the establishment of an offsetting reserve.

Fixed Capital – Beach and Sewer Utility – the property and equipment purchased by the Beach Utility Fund and Sewer Utility Fund are recorded in its capital account at cost and is adjusted for dispositions and abandonments. The amount reported for reserve for amortization of fixed capital acquired on the combined comparative statements of assets, liabilities, reserves and fund balance - regulatory basis of the Beach Utility and Sewer Utility Capital Funds represent the aggregate charges (capital outlay and debt service) to the operating budget and reserve for capital outlay for the costs of the acquisitions of property and equipment and proceeds from grants-in-aid. The Beach Utility and Sewer Utility do not record depreciation of property and equipment.

GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by the Beach Utility and Sewer Utility Fund.

Fixed Assets – Current Fund and General Capital Fund – the property and equipment purchased by the Current Fund and the General Capital Fund are recorded as expenditures at the time of purchase and are capitalized in the General Fixed Assets Account Group.

Borough of Bradley Beach
Notes to Basic Financial Statements
Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies – (Continued)

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense – the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* require governmental entities to record their distributive share of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Refer to Note 7 – Pension Plans for these disclosures.

Regulatory-Basis Financial Statements

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

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Subsequent Events

The Borough has reviewed and evaluated all events and transactions from December 31, 2016 through June 30, 2017, the date that the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at December 31, 2016 have been recognized in the accompanying financial statements.

On February 28, 2017, the Borough adopted a bond ordinance in the amount of \$2,850,000.00 for Sewer Improvements – Southern Portion.

On May 9, 2017 the Borough adopted a \$500,000.00 bond ordinance for Beachfront Railings.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

1. Summary of Significant Accounting Policies – (Continued)

GASB Implemented in the 2016 Fiscal Year

GASB Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). The objective of this Statement is to provide guidance for applying fair value for certain assets and liabilities and disclosures related to all fair value measurements. The requirements of this Statement mandate the use of valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Borough has adopted GASB No. 72 during the year ended December 31, 2016.

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government’s own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 31, 2015. Since the Borough does not have any financial agreements with payment in lieu of tax provisions, this Statement did not impact the financial statements or disclosures.

Recent Pronouncements

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 30, 2017. Management has not yet determined the impact of the Statement on the financial statements.

2. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that 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

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

2. Deposits and Investments – (Continued)

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 \$25,000,000.

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less. Investments are stated at fair value.

As of December 31, 2016 and 2015, cash and cash equivalents of the Borough consisted of checking and money market accounts.

The carrying amount of the Borough's deposits at December 31, 2016 was \$8,228,709.65 (excludes petty cash) and the bank balance was \$8,999,274.57. Of this amount, \$500,000.00 was covered by federal depository insurance and the remaining \$8,499,274.57 was covered by a collateral pool maintained by the bank as required by New Jersey Statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

The carrying amount of the Borough's deposits at December 31, 2015 was \$8,935,201.67 (includes petty cash) and the bank balance was \$9,096,854.68. Of this amount, \$500,000.00 was covered by federal depository insurance and the remaining \$8,596,854.68 was covered by a collateral pool maintained by the bank as required by New Jersey Statutes in accordance with the New Jersey Governmental Unit Deposit Protection Act ("GUDPA").

GASB Statement No. 40 requires that the Borough disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the Borough would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Borough. The Borough does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the Borough's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Borough. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities.

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

2. Deposits and Investments – (Continued)

- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds and other obligations of the Borough or bonds or other obligations of school districts, which are part of the Borough or school districts located within the Borough.
- d. Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- e. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- f. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- g. Bonds and other obligations of the Borough or bonds or other obligations of school districts, which are part of the Borough or school districts located within the Borough.
- h. Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.

Custodial Credit Risk: All of the Borough's investments are insured or registered in the Borough's name or held by an entity as its agent in the Borough's name. The Borough does not have a policy for custodial credit risk for its investments.

Concentration of Credit Risk: The Borough places no limit on the amount the Borough may invest in any one issuer.

Credit Risk: The Borough does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit rating of all debt security investments except for obligations of the U.S. Government or investments guaranteed by the U.S. Government.

Interest Rate Risk: The Borough does not have a policy to limit interest rate risk, however, its practice is typically to invest in investments with short maturities.

During 2016 and 2015, the Borough had no investments.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

3. School Debt

The Borough of Bradley Beach Board of Education is a Type II School District. As such, the members of the Board of Education are elected by the citizens of the Borough and school appropriations are set by a Board of Education. Bonds and notes authorized by voter referendum to finance capital expenditures are general obligations of the Board of Education and, as such, are reported on the comparative statements of assets, liabilities and fund balance - regulatory basis of the Board of Education.

4. Long-Term Debt

The Local Bond Law governs that issuance of bonds to finance general municipal capital expenditures. All bonds issued by the Borough are general obligations bonds backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

The following represents bonds outstanding at December 31, 2016:

General Capital Fund:

\$3,733,000 General Improvement Bonds, Series 2007 through the MCIA - Final annual maturity of \$304,000.00 in December 2017 at an interest rate of 5.00%.	\$ 304,000.00
\$1,030,000.00 General Improvement Bonds, Series 2014 - through the MCIA - Annual maturities ranging from \$50,000.00 to \$90,000.00 through December 2030 at annual interest rates ranging from 4.00% to 5.00%.	940,000.00
\$780,000.00 Library Improvement Bonds, Series 2014 - through the MCIA - Annual maturities ranging from \$25,000.00 to \$50,000.00 through December 2034 at annual interest rates ranging from 3.25% to 5.00%.	650,000.00
\$1,650,000.00 Refunding Bonds, Series 2016 - through the MCIA - Annual maturities ranging from \$300,000.00 to \$360,000.00 through December 2022 at annual interest rates ranging from 4.00% to 5.00%.	<u>1,650,000.00</u>
	<u>\$ 3,544,000.00</u>

Borough of Bradley Beach
Notes to Basic Financial Statements
Years ended December 31, 2016 and 2015

4. Long-Term Debt – (Continued)

Beach Utility Capital Fund:

\$746,000.00 Beach Improvement Bonds, Series 2007 through the MCIA - Final annual maturity of \$98,000.00 on December 1, 2017 at an interest rate of 5.00%. \$ 98,000.00

\$1,525,000.00 Beach Improvement Bonds, Series 2014 through the MCIA - Annual maturities from \$95,000.00 to \$155,000.00 through December 2027 at interest rates ranging from 4.00% to 5.00%. 1,345,000.00

\$ 1,443,000.00

Sewer Utility Capital Fund:

\$820,000.00 Sewer Improvement Bonds, Series 2014 through the MCIA - Annual maturities from \$30,000.00 to \$60,000.00 through December 2034 at interest rates ranging from 3.25% to 5.00%. \$ 760,000.00

Grand Total \$ 5,747,000.00

The following summarizes the changes in long-term debt for 2016 and 2015.

<u>Type</u>	<u>January</u> <u>1, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>December</u> <u>31, 2016</u>
General Improvements	\$ 4,361,000.00	\$ 1,665,000.00	\$ 2,482,000.00	\$ 3,544,000.00
Beach Improvements	1,631,000.00		188,000.00	1,443,000.00
Sewer Improvements	<u>790,000.00</u>		<u>30,000.00</u>	<u>760,000.00</u>
	<u>\$ 6,782,000.00</u>	<u>\$ 1,665,000.00</u>	<u>\$ 2,700,000.00</u>	<u>\$ 5,747,000.00</u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

4. Long-Term Debt – (Continued)

<u>Type</u>	<u>January 1, 2015</u>	<u>Payments</u>	<u>December 31, 2015</u>
General Improvements	\$ 5,198,162.00	\$ 837,162.00	\$ 4,361,000.00
Beach Improvements	1,805,000.00	174,000.00	1,631,000.00
Sewer Improvements	<u>1,010,838.00</u>	<u>220,838.00</u>	<u>790,000.00</u>
	<u>\$ 8,014,000.00</u>	<u>\$ 1,232,000.00</u>	<u>\$ 6,782,000.00</u>

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

Equalized valuation basis* - December 31, 2016	<u>\$ 1,135,560,962.00</u>
3 1/2% of equalized valuation basis	\$ 39,744,633.67
Net debt	<u>4,873,363.50</u>
Remaining borrowing power	<u>\$ 34,871,270.17</u>

* Equalized valuation basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough of the last three (3) preceding years.

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 0.420%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,058,000.00	\$ 1,058,000.00	\$ None
Sewer Utility Debt	760,000.00	760,000.00	None
Beach Utility Debt	2,078,000.00	2,078,000.00	None
General Debt	<u>4,809,223.66</u>	<u>36,860.17</u>	<u>4,772,363.49</u>
	<u>\$ 8,705,223.66</u>	<u>\$ 3,932,860.17</u>	<u>\$ 4,772,363.49</u>

Net debt \$4,772,363.49 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, \$1,135,560,962 equals 0.420%.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

4. Long-Term Debt – (Continued)

Summary of Municipal Debt (excluding Type II School Debt)

The Borough's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued:		
General:		
Bonds and notes	\$ 4,267,500.00	\$ 4,361,000.00
Green trust loans	179,296.66	199,767.63
Sewer Utility:		
Bonds and Notes	760,000.00	790,000.00
Beach Utility:		
Bonds and Notes	2,078,000.00	1,631,000.00
Total issued	<u>7,284,796.66</u>	<u>6,981,767.63</u>
Less: Reserve for payment of bonds	36,860.17	9,742.40
Net debt issued	<u>7,247,936.49</u>	<u>6,972,025.23</u>
Authorized but not issued:		
General:		
Bonds and notes	<u>362,427.00</u>	<u>171,654.00</u>
Total authorized but not issued	<u>362,427.00</u>	<u>171,654.00</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 7,610,363.49</u>	<u>\$ 7,143,679.23</u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

4. Long-Term Debt – (Continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Years	General Capital Fund		
	Principal	Interest	Total
2017	\$ 379,000.00	\$ 165,250.00	\$ 544,250.00
2018	375,000.00	147,050.00	522,050.00
2019	395,000.00	132,050.00	527,050.00
2020	410,000.00	116,250.00	526,250.00
2021	435,000.00	96,550.00	531,550.00
2022-2026	855,000.00	245,000.00	1,100,000.00
2027-2031	545,000.00	88,800.00	633,800.00
2032-2036	150,000.00	10,125.00	160,125.00
	<u>\$ 3,544,000.00</u>	<u>\$ 1,001,075.00</u>	<u>\$ 4,545,075.00</u>

Calendar Years	Beach Utility Capital Fund			Sewer Utility Capital Fund			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$ 193,000.00	\$ 68,050.00	\$ 261,050.00	\$ 30,000.00	\$ 33,600.00	\$ 63,600.00	\$ 868,900.00
2018	100,000.00	59,350.00	159,350.00	30,000.00	32,400.00	62,400.00	743,800.00
2019	105,000.00	55,350.00	160,350.00	30,000.00	31,200.00	61,200.00	748,600.00
2020	110,000.00	51,150.00	161,150.00	30,000.00	30,000.00	60,000.00	747,400.00
2021	115,000.00	46,750.00	161,750.00	30,000.00	28,800.00	58,800.00	752,100.00
2022-2026	665,000.00	141,750.00	806,750.00	190,000.00	118,250.00	308,250.00	2,215,000.00
2027-2031	155,000.00	7,750.00	162,750.00	245,000.00	65,750.00	310,750.00	1,107,300.00
2032-2036				175,000.00	11,950.00	186,950.00	347,075.00
	<u>\$ 1,443,000.00</u>	<u>\$ 430,150.00</u>	<u>\$ 1,873,150.00</u>	<u>\$ 760,000.00</u>	<u>\$ 351,950.00</u>	<u>\$ 1,111,950.00</u>	<u>\$ 7,530,175.00</u>

Green Trust Loan Agreements

Year	Principal	Interest	Total
2017	\$ 20,882.44	\$ 3,482.04	\$ 24,364.48
2018	21,302.18	3,062.30	24,364.48
2019	21,730.35	2,634.13	24,364.48
2020	22,167.13	2,197.35	24,364.48
2021	22,612.68	1,751.79	24,364.47
sub-total	<u>108,694.78</u>	<u>13,127.61</u>	<u>121,822.39</u>
2022	23,067.20	1,297.28	24,364.48
2023	23,530.85	833.63	24,364.48
2024	24,003.83	240.04	24,243.87
sub-total	<u>70,601.88</u>	<u>2,370.95</u>	<u>72,972.83</u>
	<u>\$ 179,296.66</u>	<u>\$ 15,498.56</u>	<u>\$ 194,795.22</u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

4. Long-Term Debt – (Continued)

Refunding bonds

On March 24, 2016, the Borough issued \$1,665,000.00 in Series 2016 refunding bonds through the MCIA. The bonds were issued to refund certain 2007 Series bonds. All of the refunded bonds remain outstanding at December 31, 2016. The refunding resulted in net present value savings of \$113,649.58.

Bond anticipation notes

The Borough had no bond anticipation notes outstanding as of December 31, 2015. The Borough had bond anticipation notes outstanding of \$723,500.00 in the General Capital Fund and \$635,000.00 in the Beach Utility Capital Fund as of December 31, 2016. The Notes mature on May 23, 2017 and were issued at a 2% interest rate.

Special emergency notes

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Hurricane Sandy	1.25%	7/20/17	\$ <u>214,584.00</u>

5. Fund Balances Appropriated

The following fund balances at December 31, 2016 were appropriated in the 2017 budget:

Current Fund	\$ 785,000.00
Sewer Utility Operating Fund	32,648.00
Beach Utility Operating Fund	401,966.00

The following fund balances at December 31, 2015 were appropriated in the 2016 budget:

Current Fund	\$ 785,567.92
Sewer Utility Operating Fund	115,834.57
Beach Utility Operating Fund	348,749.95

6. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the comparative statements of assets, liabilities and fund balance - regulatory basis of the Borough's Current Fund.

Taxes collected in advance are recorded as cash liabilities in the financial statements and are as follows:

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

6. Property Taxes – (Continued)

	Balance December 31	
	2016	2015
Prepaid taxes	\$ 133,074.85	\$ 119,661.21

7. Pension Plans

Substantially, all Borough employees participate in the Public Employees' Retirement System or the Police and Firemen's Retirement System. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Borough is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bill the Borough annually at an actuarially determined rate for its required contribution. The current rate is 6.92% and 10%, respectively, of annual covered payroll. The contribution requirements of plan members and the Borough are established and may be amended by the Board of Trustees of the respective plan. The Borough's contributions to the PERS for the years ended December 31, 2016, 2015 and 2014 were \$178,643.00, \$177,182.00 and \$146,243.00, respectively, equal to the required contributions for each year. The Borough's contributions to the PFRS for the years ended December 31, 2016, 2015 and 2014 were \$488,234.00, \$445,838.00 and \$413,691.00, respectively, equal to the required contributions for each year.

**Other Post-Retirement Benefits Other Than Pension
State Health Benefits Program (SHBP)**

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

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

Plan Coverage: All active employees, including their dependents, are eligible to participate in the SHBP, upon completion of a sixty day waiting period. Retirees with twenty five years or more of active service with the Borough are also eligible to participate in the SHBP.

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

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Eligible employees and retirees have the option of choosing from six medical benefit plans (NJ Direct15, NJ Direct10, Aetna, Freedom10, Aetna Freedom15, Aetna HMO or Horizon HMO) with rates ranging from \$733.27 for a single participant to \$2,234.12 for family coverage.

The Borough's contributions to SHBP for post-retirement benefits for the years ended December 31, 2016 and 2015 were \$467,727.23 and \$435,806.69, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employee's Retirement System (PERS)

At December 31, 2016 and 2015, the Borough's liability for its proportionate share of the net pension liability was \$6,495,971 and \$4,664,452, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0219331532 percent, which was an increase of 0.0011542313 from its proportion measured as of June 30, 2015.

Borough of Bradley Beach
Notes to Basic Financial Statements
Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

At December 31, 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,345,618	
Difference between expected and actual experience	120,805	
Net difference between projected and actual earnings on pension plan investments	247,697	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	400,812	\$ 89,349
Borough's contributions subsequent to the measurement date	194,851	
	\$ 2,309,783	\$ 89,349

At December 31, 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 500,925	\$ 74,995
Net difference between projected and actual earnings on pension plan investments	111,277	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	274,547	113,367
Borough's contributions subsequent to the measurement date	178,643	
	\$ 1,065,392	\$ 188,362

\$194,851 and \$178,643 as of December 31, 2016 and 2015, respectively, is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 459,594
2018	459,594
2019	493,322
2020	396,904
2021	190,822
Thereafter	25,347
	\$ 2,025,583

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.08%
Salary increase through 2026	1.65 - 4.15%
Thereafter	based on age 2.65 - 5.15%
Investment rate of return	based on age 7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increase through 2026	2.15 - 4.40%
Thereafter	based on age 3.15 - 5.40%
Investment rate of return	based on age 7.90%

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.

Mortality Rates

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

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Long-Term Rate of Return

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Allocation	Real Rate of Return
Cash	5.00%	8.70%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High yield bonds	2.00%	4.56%
Inflation-indexed bonds	1.50%	3.44%
Broad U.S. equities	26.00%	8.53%
Developed foreign equities	13.25%	6.83%
Emerging market equities	6.50%	9.95%
Private equity	9.00%	12.40%
Hedge funds/Absolute return	12.50%	4.68%
Real Estate (property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	100.00%	

Discount rate

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

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 as of December 31, 2016 calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
Borough's proportionate share of the net pension liability	\$ 7,960,054	\$ 6,495,971	\$ 5,287,243

The following presents the Borough's proportionate share of the net pension liability as of December 31, 2015 calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
Borough's proportionate share of the net pension liability	\$ 5,797,343	\$ 4,664,452	\$ 3,714,644

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 6,135,087,729
Deferred inflows of resources	\$ 870,133,595
Net pension liability	\$ 29,617,131,759
Borough's Proportion	0.0219331532%

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 2,946,265,815
Deferred inflows of resources	\$ 360,920,604
Net pension liability	\$ 22,447,996,119
Borough's Proportion	0.0207789219%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and June 30, 2015 were \$2,827,610,195 and \$1,472,586,715, respectively.

The average of the expected remaining service lives of all plan members is 5.57 and 5.72 years for 2016 and 2015, respectively.

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Borough's liability for its proportionate share of the net pension liability was \$11,997,323.00 and \$10,004,636.00, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0628047965 percent, which was an increase of 0.0027403943 from its proportion measured as of June 30, 2015.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

At December 31, 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,661,728	
Differences between expected and actual experience		\$ 78,644
Net difference between projected and actual earnings on pension plan investments		
Net difference between expected and actual experience	840,628	
Change in proportion an differences between Borough contributions and proportionate share of contributions	579,493	
Borough contributions subsequent to the measurement date	256,037	
	<u>\$ 3,337,886</u>	<u>\$ 78,644</u>

At December 31, 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,847,104	
Differences between expected and actual experience		\$ 86,293
Net difference between projected and actual earnings on pension plan investments		174,122
Change in proportion an differences between Borough contributions and proportionate share of contributions	342,072	
Borough contributions subsequent t to the measurement date	244,117	
	<u>\$ 2,433,293</u>	<u>\$ 260,415</u>

\$256,037 and \$244,117 are reported as of December 31 2016 and 2015, respectively, as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 713,375
2018	713,377
2019	837,051
2020	565,773
2021	173,629
	<u>\$ 3,003,205</u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.08%
Salary increase through 2026	2.10 - 8.98%
	Based on age
Thereafter	3.10 – 9.98%
	Based on age
Investment rate of return	7.65%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increase through 2026	2.60 - 9.48%
	Based on age
Thereafter	3.60 – 10.48%
	Based on age
Investment rate of return	7.90%

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

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales.

Post retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Long-Term 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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

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

Discount rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability as of December 31, 2016 calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55 percent) or 1-percentage-point higher (6.55 percent) than the current rate:

	At 1% Decrease (4.55%)	At Current Discount Rate (5.55%)	At 1% Increase (6.55%)
Borough's proportionate share of the net pension liability	\$ 15,469,668	\$ 11,997,323	\$ 9,165,834

The following presents the Borough's proportionate share of the net pension liability as of December 31, 2015 calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	At 1% Decrease (4.79%)	At Current Discount Rate (5.79%)	At 1% Increase (6.79%)
Borough's proportionate share of the net pension liability	\$ 13,189,286	\$ 10,004,636	\$ 7,407,838

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Firemen's Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2016 are as follows:

Deferred outflows of resources	\$	4,547,316,543
Deferred inflows of resources	\$	688,197,590
Net pension liability	\$	20,706,699,056
Borough's Proportion		0.0628047965%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,248,798,664.

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$	3,075,206,294
Deferred inflows of resources	\$	433,559,708
Net pension liability	\$	18,117,234,618
Borough's Proportion		0.0600644022%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,619,458,723.

The average of the expected remaining service lives of all plan members is 5.58 and 5.53 years for 2016 and 2015, respectively.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a nonemployer contributing entity. The nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of June 30, 2016 and 2015 is 0.0628047965% and 0.0600644022%, respectively, and the nonemployer contributing entities' contribution for the year ended June 30, 2016 and 2015, respectively were \$38,604 and \$45,672. The

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

7. Pension Plans – (Continued)

State's proportionate share of the net pension liability attributable to the Borough for the year ended December 31, 2016 and 2015 was \$1,007,478 and \$877,373, respectively.

8. Compensated Absences

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$1,458,403.75 and \$1,526,609.18 at December 31, 2016 and December 31, 2015, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. As of December 31, 2016 and 2015, \$171,469.11 and \$222,106.65, respectively, was set aside in the current and utility operating funds for the payment of compensated absences.

9. Tax Appeals

There are several tax appeals pending before the State Tax Court of New Jersey requesting a reduction of assessments for the year 2016 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from tax revenues, through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. As of December 31, 2016 and 2015, the Borough had reserves for tax appeals in the amounts of \$30,060.99 and \$55,521.43, respectively for appeals in the event that the tax reductions are granted. In accordance with the National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, the Borough charges to current fund operations or a reduction of current tax collections, all state board judgments rendered during the year which will be paid from expendable available resources. The Borough's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

10. Commitments and Contingencies

The Borough receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes.

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by the grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Borough estimates that no material liabilities will result from such audits.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

10. Commitments and Contingencies – (Continued)

The Borough is involved in certain legal proceedings, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

11. Risk Management

The Borough participates in a Joint Insurance Fund (“JIF”), which currently serves as administrator of the Borough’s insurance program. The joint insurance pool is a public utility risk pool currently operating as a common risk management and insurance program for municipalities in New Jersey. The JIF covers all Borough claims in excess of various deductibles and is funded by Borough budget appropriations to pay for premiums that are assessed annually. The JIF is expected to be self-sustaining through member premiums, of which the Borough portion is reported as expenditure in the Borough’s financial statements. In addition, the Borough is not aware of any claims pending that have a demand in excess of these coverages. There have been no settlements which exceeded insurance coverage for each of the past three fiscal years.

12. Deferred Compensation

The Borough of Bradley Beach offers its employees a Deferred Compensation Plan, created in accordance with the provisions of N.J.S. 43:15B-1 et.seq. and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The “Small Business Job Protective Act of 1996” revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The administrators for the Borough of Bradley Beach Deferred Compensation Plan are MetLife and Nationwide Financial. The plan’s assets are not the property of the Borough and therefore are not presented in the financial statements.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

13. Interfund Receivables and Payables

The following are reflected as interfund receivables and payables on the various statements of assets, liabilities, reserves and fund balance – regulatory basis:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 37.77	\$ 92,742.98
Federal and State Grant	75,234.81	116.19
Animal Control Trust		37.77
Beach Utility Operating	47.74	
Beach Utility Capital	17,508.17	47.74
Payroll Trust	116.19	
	<u>\$ 92,944.68</u>	<u>\$ 92,944.68</u>

The interfund between the Current and Federal and State Grant Funds arose from the grant activity and the relationship between these two funds. The interfund between the Beach Utility Capital Fund and the Current Fund arose from the special emergency note pay down not being transferred to the Beach Utility Capital Fund. The interfund between the Payroll Trust Fund and Federal and State Grant Funds arose from the payment of funds paid by the Payroll Trust Fund on behalf of the Grant Fund not being paid to the Payroll Trust Fund during the year. The interfund between the Beach Utility Operating and Capital Funds arose from the interest earned on the Investment Account – Beach Capital not being turned over to the Beach Utility Operating Fund during the year. All interfunds are expected to be paid within one year.

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

14. Segment Information for Utility Operating Enterprise Funds

The Borough maintains two enterprise funds that provide sewer service and beachfront operations. Segment information for the years ended December 31, 2016 and 2015:

	<u>Year ended December 31, 2016</u>		
	<u>Beach Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 348,749.95	\$ 115,834.57	\$ 464,584.52
Rents		2,009,189.26	2,009,189.26
Bathing Badges	1,612,820.66		1,612,820.66
Miscellaneous Revenues	<u>238,332.56</u>	<u>10,362.24</u>	<u>248,694.80</u>
 Budget Totals	 2,199,903.17	 2,135,386.07	 4,335,289.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>133,609.61</u>	<u>66,616.89</u>	<u>200,226.50</u>
 Total Revenues	 <u>2,333,512.78</u>	 <u>2,202,002.96</u>	 <u>4,535,515.74</u>
Expenditures:			
Operating	1,588,921.07	1,616,253.82	3,205,174.89
Debt Service	267,794.38	64,500.00	332,294.38
Deferred Charges and Statutory Expenditures	96,000.00	87,160.75	183,160.75
Capital Outlay	<u>87,000.00</u>	<u>252,920.00</u>	<u>339,920.00</u>
 Total Expenditures	 <u>2,039,715.45</u>	 <u>2,020,834.57</u>	 <u>4,060,550.02</u>
 Statutory Excess to Fund Balance	 293,797.33	 181,168.39	 474,965.72
 Fund Balance, January 1	 <u>538,419.04</u>	 <u>752,289.46</u>	 <u>1,290,708.50</u>
	832,216.37	933,457.85	1,765,674.22
Decreased by:			
Utilization as Anticipated Revenue	<u>348,749.95</u>	<u>115,834.57</u>	<u>464,584.52</u>
 Fund Balance, December 31	 <u>\$ 483,466.42</u>	 <u>\$ 817,623.28</u>	 <u>\$ 1,301,089.70</u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

14. Segment Information for Utility Operating Enterprise Funds – (continued)

	<u>Year ended December 31, 2015</u>		
	<u>Beach Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 277,905.20	\$ 132,685.40	\$ 410,590.60
Rents		1,996,181.90	1,996,181.90
Bathing Badges	1,742,825.25		1,742,825.25
Miscellaneous Revenues	<u>406,714.66</u>	<u>14,253.85</u>	<u>420,968.51</u>
 Budget Totals	 2,427,445.11	 2,143,121.15	 4,570,566.26
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>41,854.88</u>	<u>69,062.46</u>	<u>110,917.34</u>
 Total Revenues	 <u>2,469,299.99</u>	 <u>2,212,183.61</u>	 <u>4,681,483.60</u>
Expenditures:			
Operating	1,594,797.65	1,535,029.87	3,129,827.52
Debt Service	262,307.55	263,253.03	525,560.58
Deferred Charges and Statutory Expenditures	84,000.00	86,795.50	170,795.50
Capital Improvements	<u>47,000.00</u>	<u>147,607.00</u>	<u>194,607.00</u>
 Total Expenditures	 <u>1,988,105.20</u>	 <u>2,032,685.40</u>	 <u>4,020,790.60</u>
 Statutory Excess to Fund Balance	 481,194.79	 179,498.21	 660,693.00
 Fund Balance, January 1	 <u>335,129.45</u>	 <u>705,476.65</u>	 <u>1,040,606.10</u>
	816,324.24	884,974.86	1,701,299.10
Decreased by:			
Utilization as Anticipated Revenue	<u>277,905.20</u>	<u>132,685.40</u>	<u>410,590.60</u>
 Fund Balance, December 31	 <u><u>\$ 538,419.04</u></u>	 <u><u>\$ 752,289.46</u></u>	 <u><u>\$ 1,290,708.50</u></u>

Borough of Bradley Beach

Notes to Basic Financial Statements

Years ended December 31, 2016 and 2015

15. Leases

Monmouth County Improvement Authority (MCIA) – The Borough entered into various capital equipment lease programs with MCIA. The leases are for various equipment that is owned by the MCIA and to which the Borough has a bargain purchase option at the end of the lease period in the amount of \$1.00. The following represents the amounts payable on these leases.

Year Ending Dec. 31,	Principal	Interest	Total
2017	\$ 119,000.00	\$ 26,827.50	\$ 145,827.50
2018	123,000.00	21,622.50	144,622.50
2019	103,000.00	15,770.00	118,770.00
2020	83,000.00	11,200.00	94,200.00
2021	53,000.00	7,410.00	60,410.00
2022-2025	<u>125,000.00</u>	<u>5,520.00</u>	<u>130,520.00</u>
	<u>\$ 606,000.00</u>	<u>\$ 88,350.00</u>	<u>\$ 694,350.00</u>

16. Local District School Taxes

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

The Borough raises its share of Local District School Taxes on a school year basis and has elected to defer these taxes as follows:

	Local District School Taxes Balance, December 31		
	2016	2015	Increase
Balance of Tax	\$ 3,140,148.00	\$ 3,085,854.00	\$ 54,294.00
Deferred Portion	<u>2,576,184.00</u>	<u>2,576,184.00</u>	
Tax Payable	<u>\$ 563,964.00</u>	<u>\$ 509,670.00</u>	<u>\$ 54,294.00</u>

17. Deferred Charges to be Raised in Succeeding Years' Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the Comparative Statement of Assets, Liabilities, Reserves and Fund Balance as follows:

	Balance December 31, 2016	2017 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Authorizations Per N.J.S.A. 40A:4-53	\$ <u>214,583.50</u>	\$ <u>134,583.50</u>	\$ <u>80,000.00</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS –
SUPPLEMENTARY INFORMATION

CURRENT FUND

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2016

Year	Balance December 31, 2015	Tax Levy	Added Taxes	Collections		State Share Senior Citizens and Veterans Deductions Allowed	Transferred to Tax Title Liens Receivable	Adjusted, Remitted, or Canceled	Balance December 31, 2016
				2015	2016				
2015	\$ 169,436.44		\$ 188.46		\$ 168,781.10				\$ 843.80
	169,436.44		188.46		168,781.10				843.80
2016		\$ 16,006,577.26	49,195.84	\$ 119,661.21	15,749,122.31	\$ 31,000.00	\$ 176.14	\$ 6,975.10	148,838.34
	\$ 169,436.44	\$ 16,006,577.26	\$ 49,384.30	\$ 119,661.21	\$ 15,917,903.41	\$ 31,000.00	\$ 176.14	\$ 6,975.10	\$ 149,682.14

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF 2016 PROPERTY TAX LEVY

Tax Yield:
General Purpose Tax \$ 16,006,577.26

TAX LEVY

Local School District Tax:
Levy School Year July 1, 2016 to June 30, 2017 \$ 5,887,771.00

County Taxes:
County Tax \$ 2,980,192.62
County Open Space Tax 171,210.22
County Health Tax 60,056.57 3,211,459.41

9,099,230.41

Local Tax for Municipal Purposes 6,907,346.85

Total Tax Levy \$ 16,006,577.26

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 1,578.41
<u>INCREASED BY</u>	
Transferred from Taxes Receivable	<u>176.14</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u><u>1,754.55</u></u>

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
YEAR ENDED DECEMBER 31, 2016

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance December 31, 2015</u>	<u>Decreased in 2016</u>	<u>Balance December 31, 2016</u>
11/8/2012	Special Emergency Authorization (N.J.S.A. 40A:4-53) - Hurricane Sandy	\$ 1,250,000.00	\$ 250,000.00	\$ 189,167.00	\$ 94,583.50	\$ 94,583.50
11/12/2014	Special Emergency Authorization (N.J.S.A. 40A:4-53) - Revaluation	200,000.00	40,000.00	<u>160,000.00</u>	<u>40,000.00</u>	<u>120,000.00</u>
				<u>\$ 349,167.00</u>	<u>\$ 134,583.50</u>	<u>\$ 214,583.50</u>

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Appropriation</u> <u>Reserves</u>	<u>Reserve for</u> <u>Encumbrances</u>			
Salaries and Wages:					
Operations Within "CAPS":					
General Administration	\$ 1,499.88		\$ 1,499.88		\$ 1,499.88
Municipal Clerk	3,619.63		3,619.63		3,619.63
Financial Administration	499.91		499.91		499.91
Revenue Administration	0.50		0.50		0.50
Tax Assessment Administration	0.01		0.01		0.01
Planning Board	16.50		16.50		16.50
Zoning Board of Adjustment	16.42		16.42		16.42
Other Code Enforcement Functions (Code Enforcement Officer)	1,025.98		1,025.98		1,025.98
Police	73,717.28		73,717.28		73,717.28
Police Dispatch/911	21,003.42		21,003.42		21,003.42
Municipal Court	18,188.24		18,188.24	\$ 3,600.00	14,588.24
Road Repair and Maintenance	20,605.43		20,605.43		20,605.43
Buildings and Grounds	1,652.62		1,652.62		1,652.62
Recreation	574.41		574.41		574.41
Celebration of Public Events	250.00		250.00		250.00
Maintenance of Parks	5,000.00		5,000.00		5,000.00
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Construction Code Department	<u>10,539.78</u>		<u>10,539.78</u>		<u>10,539.78</u>
 Total Salaries and Wages	 \$ <u>162,942.51</u>		 \$ <u>162,942.51</u>	 \$ <u>3,600.00</u>	 \$ <u>159,342.51</u>

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Other Expenses:					
Operations Within "CAPS":					
General Administration	\$ 1,836.94	\$ 51.97	\$ 1,888.91	\$ 51.97	\$ 1,836.94
Human Resources	204.25	3,163.75	3,368.00	1,985.89	1,382.11
Mayor and Council	2,145.63		2,145.63		2,145.63
Municipal Clerk	16,476.64	5,216.86	21,693.50	695.78	20,997.72
Financial Administration	6,386.29	1,820.96	8,207.25		8,207.25
Audit Services		14,500.00	14,500.00	14,500.00	
Revenue Administration	3,405.44		3,405.44		3,405.44
Tax Assessment Administration	117.63	1,380.00	1,497.63	480.00	1,017.63
Legal Services	3.74	8,074.75	8,078.49	6,155.00	1,923.49
Engineering Services and Costs	487.50	2,575.00	3,062.50	2,575.00	487.50
Architect Services	5,000.00	7,000.00	12,000.00	7,000.00	5,000.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board	10,279.59		10,279.59		10,279.59
Zoning Board of Adjustment	1,061.02		1,061.02	39.00	1,022.02
Code Enforcement Officer	1,497.66	4,152.82	5,650.48	3,347.79	2,302.69
Surety Bond Premium	470.10		470.10		470.10
Liability Insurance	8,123.92		8,123.92		8,123.92
Worker Compensation Insurance	3,371.76		3,371.76		3,371.76
Employee Group Insurance	86,435.25	55,340.89	141,776.14	50,451.87	91,324.27
Police	1,840.54	6,260.48	8,101.02	2,987.92	5,113.10
Police Dispatch/911	1,305.95	379.26	1,685.21	376.95	1,308.26
Office of Emergency Management	673.60	91.94	765.54	91.94	673.60
Fire	18,675.29	36,144.02	54,819.31	41,121.17	13,698.14
Fire Hydrants	4,362.62	741.38	5,104.00	741.38	4,362.62
Uniform Fire Safety Act (Ch. 383 P.L. 1983)		100.00	100.00	100.00	
Fire Prevention Bureau		1,058.22	1,058.22	1,058.22	
Municipal Court	214.91	5,179.13	5,394.04	5,179.13	214.91
Road Repair and Maintenance	1,906.16	4,781.81	6,687.97	4,653.77	2,034.20
Solid Waste Collection:					
Garbage and Trash Removal	11,255.59	17,790.79	29,046.38	7,927.07	21,119.31
Buildings and Grounds	2,602.70	6,264.58	8,867.28	4,292.06	4,575.22
Vehicle Maintenance	2,200.81	11,020.95	13,221.76	10,033.71	3,188.05
Community Services Act		4,500.00	4,500.00		4,500.00
PEOSHA Hepatitis B Immunization	1,250.00		1,250.00		1,250.00
Safety Regulators Coordinator	41.74		41.74		41.74

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance		Balance	Paid or	Balance
	December 31, 2015				
	<u>Appropriation</u>	<u>Reserve for</u>	<u>Transfers</u>		
	<u>Reserves</u>	<u>Encumbrances</u>		<u>Charged</u>	<u>Lapsed</u>
Other Expenses:					
Environmental Commission	\$ 2,420.00		\$ 2,420.00		\$ 2,420.00
Animal Control Services	2.00	\$ 1,059.00	1,061.00	\$ 1,059.00	2.00
Contribution to Social Services Agencies		1,920.00	1,920.00	1,860.00	60.00
Recreation	10,378.33	1,948.56	12,326.89	1,501.99	10,824.90
Celebration of Public Events	1,850.87	299.87	2,150.74	299.87	1,850.87
Maintenance of Parks	153.59	251.75	405.34		405.34
Electricity	3,854.35		3,854.35	3,060.70	793.65
Street Lighting	13,206.48		13,206.48	7,955.59	5,250.89
Telephone	7,382.68	158.00	7,540.68		7,540.68
Heat - Gas	5,506.79		5,506.79		5,506.79
Gasoline	20,339.12	768.67	21,107.79	768.67	20,339.12
Water	1,583.14	506.33	2,089.47	506.33	1,583.14
Telecommunication Costs	2,072.29	0.46	2,072.75		2,072.75
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Construction Code Department	611.22		611.22		611.22
Contingent	3,700.00		3,700.00		3,700.00
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	9,438.00		9,438.00		9,438.00
Social Security System (O.A.S.I.)	12,386.55		12,386.55		12,386.55
Hurricane Sandy	0.33		0.33		0.33
Capital Outlay - Upgrade to Security System		7,000.00	7,000.00	6,202.50	797.50
Total Other Expenses	<u>288,519.01</u>	<u>211,502.20</u>	<u>500,021.21</u>	<u>189,060.27</u>	<u>310,960.94</u>
Grand Total	<u>\$ 451,461.52</u>	<u>\$ 211,502.20</u>	<u>\$ 662,963.72</u>	<u>\$ 192,660.27</u>	<u>\$ 470,303.45</u>

BOROUGH OF BRADLEY BEACH
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		
School Taxes Payable	\$ 509,670.00	
Deferred School Taxes	<u>2,576,184.00</u>	\$ 3,085,854.00
 <u>INCREASED BY</u>		
Levy - School Year July 1, 2016 to June 30, 2017		<u>5,887,771.00</u>
		8,973,625.00
 <u>DECREASED BY</u>		
Cash Disbursed		<u>5,833,477.00</u>
 <u>BALANCE, DECEMBER 31, 2016</u>		
School Taxes Payable	\$ 563,964.00	
Deferred School Taxes	<u>2,576,184.00</u>	<u>\$ 3,140,148.00</u>
 <u>2016 LIABILITY FOR LOCAL DISTRICT SCHOOL TAX</u>		
2016 School Taxes Paid		\$ 5,833,477.00
Less: School Taxes Payable, December 31, 2015		<u>509,670.00</u>
		5,323,807.00
 Add: School Taxes Payable, December 31, 2016		<u>563,964.00</u>
 <u>AMOUNT CHARGED TO 2016 OPERATIONS</u>		<u>\$ 5,887,771.00</u>

BOROUGH OF BRADLEY BEACH
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

<u>Grant</u>	Balance December 31, <u>2015</u>	2016 Budget Revenue <u>Realized</u>	Added By N. J. S. A. <u>40A:4-87</u>	Unappropriated Reserve <u>Applied</u>	<u>Receipt</u>	Balance December 31, <u>2016</u>
Alliance to Prevent Alcoholism and Drug Abuse:						
2011	\$ 453.52					\$ 453.52
2012	200.00					200.00
2013	160.50					160.50
2014	3,935.20					3,935.20
2015	14,636.00				\$ 1,275.00	13,361.00
2016		\$ 20,000.00			8,800.00	11,200.00
Drunk Driving Enforcement Fund		5,268.23		\$ 5,268.23		
Alcohol Education and Rehabilitation Fund		530.40		530.40		
Body Armor Replacement Fund			\$ 1,863.38		1,863.38	
Body Worn Camera			3,000.00			3,000.00
Clean Communities Grant			14,797.86		14,797.86	
Green Acres Lot Parking Meter Fees 2016		<u>9,119.00</u>			<u>9,119.00</u>	
Total Grants Receivable	\$ <u>19,385.22</u>	\$ <u>34,917.63</u>	\$ <u>19,661.24</u>	\$ <u>5,798.63</u>	\$ <u>35,855.24</u>	\$ <u>32,310.22</u>

BOROUGH OF BRADLEY BEACH
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Transferred from 2016 Budget <u>Appropriations</u>	Appropriation by 40A:4-87	<u>Expended</u>	Balance December 31, <u>2016</u>
Drunk Driving Enforcement Fund	\$ 728.72			\$ 728.72	
Drunk Driving Enforcement Fund - 2013	3,103.91			1,740.38	\$ 1,363.53
Drunk Driving Enforcement Fund - 2016		\$ 5,268.23			5,268.23
Alcohol Education and Rehabilitation Fund - 2013	377.74				377.74
Alcohol Education and Rehabilitation Fund - 2015	118.16				118.16
Alcohol Education and Rehabilitation Fund - 2016		530.40			530.40
Bullet Proof Vest Program	158.27				158.27
Fletcher Lake - Phase I	5,745.00				5,745.00
NJ Wetlands Restoration - 2013	141.91				141.91
Alliance to Prevent Alcoholism and Drug Abuse:					
Grant Portion - 2012	827.70				827.70
Grant Portion - 2013	910.50				910.50
Grant Portion - 2014	3,185.20				3,185.20
Grant Portion - 2015	15,364.00			5,364.00	10,000.00
Grant Portion - 2016		20,000.00		10,442.66	9,557.34
Matching Portion - 2013	2,013.83				2,013.83
Matching Portion - 2014	1,897.16				1,897.16
Green Acres Lot Parking Meter Fees - 2010	6,038.31			1,221.15	4,817.16
Green Acres Lot Parking Meter Fees - 2011	19.75				19.75
Green Acres Lot Parking Meter Fees - 2013	2,639.83				2,639.83
Green Acres Lot Parking Meter Fees - 2014	1,055.95				1,055.95
Green Acres Lot Parking Meter Fees - 2015	415.86				415.86
Green Acres Lot Parking Meter Fees - 2016		9,119.00			9,119.00
NJ Direct Install Program			\$ 6,000.00	6,000.00	
NJ Corporation Wetlands Restoration	452.78				452.78
NJ Clean Communities Program			14,797.86		14,797.86
Body Armor Replacement Program - 2015	325.27				325.27
Body Armor Replacement Program - 2016			1,863.38		1,863.38
Body Worn Camera			3,000.00		3,000.00
Green Acres Lot Parking Meter Fees - 2012	2,234.87				2,234.87
	<u>\$ 61,511.21</u>	<u>\$ 39,917.63</u>	<u>\$ 25,661.24</u>	<u>\$ 29,289.86</u>	<u>\$ 97,800.22</u>
Detail:					
Cash Disbursed				\$ 23,289.86	
Reserve for Encumbrances				<u>6,000.00</u>	

**BOROUGH OF BRADLEY BEACH
 FEDERAL AND STATE GRANT FUND
 SCHEDULE OF UNAPPROPRIATED RESERVES
 YEAR ENDED DECEMBER 31, 2016**

<u>Grant</u>	Balance December 31, <u>2015</u>	<u>Receipts</u>	Transferred to 2016 Budget <u>Revenue</u>	Balance December 31, <u>2016</u>
State:				
Drunk Driving Enforcement Fund	\$ 5,268.23	\$ 3,386.89	\$ 5,268.23	\$ 3,386.89
Municipal Court Alcohol Education	<u>530.40</u>	<u>241.73</u>	<u>530.40</u>	<u>241.73</u>
	<u>\$ 5,798.63</u>	<u>\$ 3,628.62</u>	<u>\$ 5,798.63</u>	<u>\$ 3,628.62</u>

TRUST FUNDS

BOROUGH OF BRADLEY BEACH
TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	<u>Increased by</u> Receipts	<u>Decreased by</u> Disbursements	Balance December 31, <u>2016</u>
Reserve for:				
Recycling Program (per N.J.S. 40A:4-39)	\$ 31,630.64	\$ 3,526.34	\$ 24,740.00	\$ 10,416.98
Insurance Commission (per N.J.S.A. 40A:4-39)	1,368.22	501.76	1,003.31	866.67
Public Library	849.43	849.43	1,698.86	
Parking Offenses Adjudication Act (per N.J.S.A. 40A:4-39)	1,409.53	912.00	342.50	1,979.03
Escrow Fees (per N.J.S. 40A:4-39)	100,055.66	57,412.62	126,875.26	30,593.02
Alcohol and Drug Abuse Alliance (per N.J.S. 40A:4-39)	443.02	0.04		443.06
Law Enforcement Trust	14,363.69	6,032.31	1.55	20,394.45
Relocation Assistance (N.J.S.A. 40A:4-39)	1,077.57	6.04	3.46	1,080.15
Fire Prevention Fees (N.J.S.A. 40A:4-39)	2,330.51	10.92	0.79	2,340.64
Public Defender Fees (N.J.S.A. 40A:4-39)	3,200.47	8,214.42	5,700.94	5,713.95
Shade Tree	2,646.00	0.02	0.01	2,646.01
Tax Sale Premiums	391,695.00	242,300.00	481,695.00	152,300.00
Outside Employment	86,083.30	105,653.00	63,888.00	127,848.30
Redemption of Tax Title Liens	1,138.80	8,726.42	1,138.80	8,726.42
Street Opening Deposit	5,830.50	3,500.00		9,330.50
Bid Monies	2,000.00			2,000.00
Insurance	53,021.41	4,446.58	440.00	57,027.99
Light Pole	182.00			182.00
Jr. Lifeguard Program	10,981.75	9,245.00	8,482.76	11,743.99
Scholarships	1,651.26			1,651.26
Concession Security	20,246.62	4,206.88	6,398.25	18,055.25
Miscellaneous	18,761.73	33,199.31	29,270.10	22,690.94
Memorial Day Parade/Craft Fair	22,476.30	67,946.10	56,638.91	33,783.49
Arts Council Donations	10.52	50.00		60.52
Beach Fountain	3,532.40			3,532.40
OEM Trust	2,000.00			2,000.00
Snow Removal For Prior Year	15,020.49	1,000.00	2,000.00	14,020.49
Rec Sign Donations	75.00			75.00
Memorial Benches	3,600.00	17,325.00	1,223.84	19,701.16
	<u>\$ 797,681.82</u>	<u>\$ 575,064.19</u>	<u>\$ 811,542.34</u>	<u>\$ 561,203.67</u>

BOROUGH OF BRADLEY BEACH
TRUST OTHER FUND
SCHEDULE OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 134,780.88
<u>INCREASED BY</u>		
Budget Appropriations:		
Current Fund	\$ 10,000.00	
Beach Utility Operating Fund	10,000.00	
Sewer Utility Operating Fund	15,000.00	
Interest Earned on Investments and Deposits	<u>13.56</u>	<u>35,013.56</u>
		169,794.44
<u>DECREASED BY</u>		
Unemployment Compensation Claims/Charges Paid		<u>18,572.97</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 151,221.47</u>

BOROUGH OF BRADLEY BEACH
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 4,353.21
 <u>INCREASED BY</u>		
Dog License Fees Collected	\$ 1,792.00	
Late Fees	<u>580.00</u>	<u>2,372.00</u>
		6,725.21
 <u>DECREASED BY</u>		
Expenditures Under R.S. 4:19-15.11	1,819.44	
Statutory Excess - Due to Current Fund	<u>37.77</u>	<u>1,857.21</u>
 <u>BALANCE, DECEMBER 31, 2016</u>		 <u><u>\$ 4,868.00</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2014	\$ 2,667.00
2015	<u>2,201.00</u>
	 <u><u>\$ 4,868.00</u></u>

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF BRADLEY BEACH
TOURISM TRUST FUND
SCHEDULE OF RESERVE FOR TOURISM
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 15,776.79
<u>INCREASED BY</u>		
Cash Receipts	\$ 52,850.74	
Interest Earned	<u>1.86</u>	<u>52,852.60</u>
		68,629.39
<u>DECREASED BY</u>		
Cash Disbursed		<u>53,927.45</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 14,701.94</u>

GENERAL CAPITAL FUND

**BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEUDLE OF ANALYSIS OF CASH AND CASH EQUIVALENTS
YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015	Receipts			Disbursements			Balance December 31, 2016
		Grant Proceeds	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers From To	
Capital Fund Balance	\$ 9,420.08			\$ 6,933.65			\$ 16,353.73	
Capital Improvement Fund	58,528.76			44,000.00		\$ 7,000.00	49,801.76	
Reserve for Regional Contribution Agreement - Interest Income	19,603.44			3.48			19,606.92	
Due from State of New Jersey - Department of Transportation	(56,250.00)					\$ 45,727.00	(56,250.00)	
Due from State of New Jersey - Department of Transportation	(250,000.00)	\$ 130,808.48					(119,191.52)	
Due from County of Monmouth: Open Space Grant (Ord. 11-09)	(9,735.00)						(9,735.00)	
Due to Current Fund	13,944.55			731.39				
Reserve for Encumbrances	553,416.68					14,675.94		
Reserve for Payment of Bonds	9,742.40			27,117.77		517,296.53	309,707.38	
Reserve for Interlocal Agreement - Salt Dome	11,808.57					\$ 273,587.23	36,860.17	
Reserve for Sylvan Lake Aerator	4,500.00						11,808.57	
Reserve for Sylvan Lake Improvements	8,000.00			57,856.25			4,500.00	
Reserve for Solar Panels	500.00						65,856.25	
Reserve for PW Roof Repairs	25,000.00			25,000.00			500.00	
Reserve for Fletcher Lake Imp., Unappropriated	20.00						25,000.00	
Reserve for Recreation Building, Unappropriated	1,231.86						20.00	
Reserve for N.J.L.M 2010 Sustainable Grant	1,009.01						1,231.86	
Reserve for Library Accessibility	22,854.01						1,009.01	
Reserve for Surveillance Camera	10,000.00						22,854.01	
Reserve for Public Works Generator				13,000.00			10,000.00	
Reserve for Snow Fencing				15,000.00		15,000.00	13,000.00	
<u>Ordinance Number</u>	<u>Description</u>							
98-04	Development and Implementation of a Housing Rehabilitation Program	15,235.76					15,235.76	
03-23/04-12 06-16	Renovation of the Police and Administration Areas	108,522.08			\$ 10,719.26	26,981.67	70,821.15	
04-05	Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe	12,534.64					12,534.64	
05-07/ 06-06	Upgrades to the Emergency Communication System	12,817.58					12,817.58	

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEUDLE OF ANALYSIS OF CASH AND CASH EQUIVALENTS
YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Description	Balance December 31, 2015	Receipts			Disbursements		Transfers		Balance December 31, 2016
			Grant Proceeds	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
05-22/ 06-07/06-18	Various Road Improvements - Fifth Avenue	\$ 3,193.15								\$ 3,193.15
06-19	Fletcher Lake Flume Improvements	2,877.46								2,877.46
06-21	Sylvan Lake Bulk Heading Phase III	9,075.90				\$ 948.00	\$ 4,900.00			3,227.90
07-16/ 09-05/11-22	Acquisition and Installation of Solar Panels	4,940.35					950.00			3,990.35
08-06	Replacement of the Sylvan Lake Bulkhead - Phase IV	26,059.32				15,539.31				10,520.01
08-07	Various 2008 Roadway Improvements	14,062.57								14,062.57
09-13	Acquisition of Load and Pack Vehicle	331.26								331.26
09-10	Monmouth County Improvement Authority Lease Program	2,500.00								2,500.00
10-05/11-18 12-07	Various 2010 Roadway Improvements	82,074.44								82,074.44
11-08/11-21 12-08	Various 2011 Roadway Improvements	38,159.96								38,159.96
11-09	Various Improvements to Lake Terrace Park	1,580.64								1,580.64
13-01/13-10	LaReine Ave Road Improvements	165,734.63				26,843.97	13,156.30			125,734.36
14-06	Improvements to Library	765,796.36				469,824.74	227,599.26			68,372.36
14-11	Police communication equipment	21,650.87								21,650.87
15-08	Ocean Avenue Curbs and Sidewalks	(115,292.67)		\$ 118,750.00		3,375.69				81.64
16-01	Acquisition of Real Property			604,750.00		633,354.87		\$ 30,250.00		1,645.13
16-05	Ocean Park Avenue Improvements							15,477.00		15,477.00
		<u>\$ 1,605,448.66</u>	<u>\$ 130,808.48</u>	<u>\$ 723,500.00</u>	<u>\$ 189,642.54</u>	<u>\$ 1,160,605.84</u>	<u>\$ 553,972.47</u>	<u>\$ 319,314.23</u>	<u>\$ 319,314.23</u>	<u>\$ 934,821.37</u>

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

	<u>Total</u>	<u>State of New Jersey Department of Transportation Ordinance 13-01</u>	<u>Ordinance 13-10</u>	<u>Monmouth County Open Space Grant Ordinance 11-09</u>
<u>BALANCE, DECEMBER 31, 2015</u>	\$ 315,985.00	\$ 56,250.00	\$ 250,000.00	\$ 9,735.00
<u>DECREASED BY</u>				
Cash Receipt	<u>130,808.48</u>	<u> </u>	<u>130,808.48</u>	<u> </u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 185,176.52</u>	<u>\$ 56,250.00</u>	<u>\$ 119,191.52</u>	<u>\$ 9,735.00</u>
Detail:				
Unreserved	<u>\$ 185,176.52</u>	<u>\$ 56,250.00</u>	<u>\$ 119,191.52</u>	<u>\$ 9,735.00</u>
	<u>\$ 185,176.52</u>	<u>\$ 56,250.00</u>	<u>\$ 119,191.52</u>	<u>\$ 9,735.00</u>

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Date/ Number</u>	<u>Improvements</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorizations</u>	<u>Balance December 31, 2016</u>	<u>Analysis of Balance December 31, 2016</u>	
					<u>Bond Anticipation Notes</u>	<u>Unexpended Improvement Authorizations</u>
07-09	Capital Lease Guarantee	\$ 52,000.00		\$ 52,000.00		\$ 52,000.00
08-06	Replacement of Sylvan Head Bulkhead - Phase IV	500.00		500.00		500.00
14-11	Acquisition and Installation of Police Communication System	404.00		404.00		404.00
15-08	Ocean Avenue Curbs and Sidewalks	118,750.00		118,750.00	\$ 118,750.00	
16-01	Real Property Acquisition		\$ 604,750.00	604,750.00	604,750.00	
16-05	Ocean Park Avenue Improvements		309,523.00	309,523.00		309,523.00
		<u>\$ 171,654.00</u>	<u>\$ 914,273.00</u>	<u>\$ 1,085,927.00</u>	<u>\$ 723,500.00</u>	<u>\$ 362,427.00</u>

**BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016**

Purpose	Date of Issue	Amount	Maturity of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Increased	Refunded	Paid	Balance December 31, 2016
			Date	Amount						
Refunding - 2000 Bonds	04/15/07	\$ 1,916,919.00				\$ 316,000.00			\$ 316,000.00	
General Improvements Bonds	12/13/07	3,733,000.00	12/1/17	\$ 304,000.00	5.00%					
			12/1/18	319,000.00	5.25%					
			12/1/19	336,000.00	4.00%					
			12/1/20	350,000.00	4.00%					
			12/1/21	363,000.00	5.25%	1,962,000.00		\$ 1,368,000.00	290,000.00	\$ 304,000.00
General Improvement Term Bond	12/13/07	383,000.00	12/1/22	383,000.00	4.25%	383,000.00		383,000.00		
General Improvement Bonds	12/24/14	1,030,000.00	12/1/17	50,000.00	4.00%					
			12/1/18	50,000.00	4.00%					
			12/1/19	55,000.00	4.00%					
			12/1/20	55,000.00	4.00%					
			12/1/21	60,000.00	5.00%					
			12/1/22	60,000.00	5.00%					
			12/1/23	65,000.00	5.00%					
			12/1/24	65,000.00	5.00%					
			12/1/25	70,000.00	5.00%					
			12/1/26	75,000.00	5.00%					
			12/1/27	80,000.00	5.00%					
			12/1/28	80,000.00	5.00%					
			12/1/29	85,000.00	5.00%					
			12/1/30	90,000.00	5.00%	985,000.00			45,000.00	940,000.00

**BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Description	Ordinance		Balance December 31, 2015		2016 Authorizations		Paid or Charged	Balance December 31, 2016	
		Date	Amount	Funded	Unfunded	Deferred Charges to Future Taxation	Capital Improvement Fund		Funded	Unfunded
98-04	Development and Implementation of a Housing Rehabilitation Program	05/18/98	\$ 1,900,000.00	\$	15,235.76				\$	15,235.76
03-23/ 04-12/06-16	Renovation of the Police and Administration Areas (CDBG) \$194,662	11/25/03, 11/23/04, 07/25/06	2,875,000.00		108,522.08			\$	37,700.93	70,821.15
04-05	Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe	03/22/04	14,500.00		12,534.64					12,534.64
05-07/ 06-06	Upgrades to the Emergency Communication System (Contingency Fund \$275,000)	02/22/05, 02/28/06	570,000.00		12,817.58					12,817.58
05-22/ 06-07/06-18	Various Roadway, Intersection Fifth Avenue Improvements (NJ DOT \$265,000)	06/28/05, 02/28/06, 11/28/06	750,000.00		3,193.15					3,193.15
06-19	Fletcher Lake Flume Improvements	11/28/06	125,000.00		2,877.46					2,877.46
06-20	Various Improvements to Phase III	12/29/06	150,000.00		9,075.90			5,848.00		3,227.90

**BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2015		2016 Authorizations		Paid or Charged	Balance December 31, 2016	
				Funded	Unfunded	Deferred Charges to Future Taxation	Capital Improvement Fund		Funded	Unfunded
07-09	Capital Lease Guarantee	07/24/07	\$ 120,000.00	\$	52,000.00				\$	52,000.00
07-16/ 09-5 /11-22	Acquisition and Installation of Solar Panels (NJ BPU \$88,000)	10/09/07	291,511.91	\$	4,940.35			\$ 950.00	\$	3,990.35
08-06	Replacement of Sylvan Head Bilkhead - Phase IV (CDBG \$194,000)	06/10/08	400,000.00	26,059.32	500.00			15,539.31	10,520.01	500.00
08-07	Various 2008 Roadway Improvements (NJDOT \$160,000)	06/10/08	330,000.00	14,062.57					14,062.57	
09-13	Acquisition of Load and Pack Vehicle	11/10/09	41,000.00	331.26					331.26	
09-10	Monmouth County Improvement Authority Lease Program	07/28/09	27,500.00	2,500.00					2,500.00	
10-05/ 11-18/12-07	Various 2010 Roadway Improvements NJDOT \$210,000	Var.	497,000.00	82,074.44					82,074.44	
11-08/ 11-21/12-08	Various 2011 Roadway Improvements	Var.	640,000.00	38,159.96					38,159.96	
11-09	Improvements to Lake Terrace Park	11/09/11	60,000.00	1,580.64					1,580.64	
13-01/13-10	LaReine Ave Road Improvements	02/27/13	730,000.00	165,734.63				40,000.27	125,734.36	
14-6	Improvements to the Library	03/11/14	900,000.00	765,796.36				697,424.00	68,372.36	
14-11	Police Communications Equipment	04/22/14	150,000.00	21,650.87	404.00				21,650.87	404.00
15-08	Ocean Avenue Curbs and Sidewalks	05/26/15	125,000.00		3,457.33			3,375.69		81.64
16-01	Acquisition of Real Property	01/26/16	635,000.00			\$ 604,750.00	\$ 30,250.00	633,354.87		1,645.13
16-05	Ocean Park Avenue Improvements	02/09/16	325,000.00			309,523.00	15,477.00		15,477.00	309,523.00
				\$ 1,287,146.97	\$ 56,361.33	\$ 914,273.00	\$ 45,727.00	\$ 1,434,193.07	\$ 505,161.46	\$ 364,153.77

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		\$	58,528.76
<u>INCREASED BY</u>			
2016 Budget Appropriation			<u>44,000.00</u>
			102,528.76
<u>DECREASED BY</u>			
Appropriated to Finance Improvement Authorizations	\$	45,727.00	
Preliminary Costs - Land Acquisition		<u>7,000.00</u>	<u>52,727.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$	<u><u>49,801.76</u></u>

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance December 31, 2016</u>
15-08	Ocean Avenue Curbs and Sidewalks	5/23/2016	5/23/2017	2.000%	\$ 118,750.00	\$ 118,750.00
16-01	Acquisition of Real Property	5/23/2016	5/23/2017	2.000%	<u>604,750.00</u>	<u>604,750.00</u>
					<u>\$ 723,500.00</u>	<u>\$ 723,500.00</u>

BOROUGH OF BRADLEY BEACH
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Number</u>	<u>Improvements</u>	Balance December 31, <u>2015</u>	2016 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance December 31, <u>2016</u>
07-09	Capital Lease Guarantee	\$ 52,000.00			\$ 52,000.00
08-06	Replacement of Sylvan Lake Bulkhead - Phase IV	500.00			500.00
14-11	Acquisition and Installation of Police Communications Equipment	404.00			404.00
15-08	Ocean Avenue Curbs and Sidewalks	118,750.00		\$ 118,750.00	
16-01	Acquisition of Real Property		\$ 604,750.00	604,750.00	
16-05	Ocean Park Avenue Improvements		<u>309,523.00</u>		<u>309,523.00</u>
		<u>\$ 171,654.00</u>	<u>\$ 914,273.00</u>	<u>\$ 723,500.00</u>	<u>\$ 362,427.00</u>

UTILITY OPERATING FUNDS - COMBINED STATEMENTS

BOROUGH OF BRADLEY BEACH
BEACH UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>December 31, 2015</u>				
	<u>Appropriation</u> <u>Reserves</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 51,900.78		\$ 51,900.78		\$ 51,900.78
Other Expenses	75,779.02	\$ 26,213.41	101,992.43	\$ 22,968.56	79,023.87
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	1,251.00	7,000.00	8,251.00	6,202.50	2,048.50
<u>DEFERRED CHARGES AND STATUTORY</u>					
<u>EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>636.46</u>		<u>636.46</u>		<u>636.46</u>
	<u>\$ 129,567.26</u>	<u>\$ 33,213.41</u>	<u>\$ 162,780.67</u>	<u>\$ 29,171.06</u>	<u>\$ 133,609.61</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 9,551.45
<u>INCREASED BY</u>	
Budget Appropriations:	
Interest on Bonds	\$ 71,669.38
Interest on Notes	<u>8,125.00</u>
	89,345.83
<u>DECREASED BY</u>	
Cash Disbursed	<u>75,550.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 13,795.83</u>

ANALYSIS OF BALANCE

<u>Description</u>	<u>Amount Outstanding December 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Accrual Period</u>	<u>Accrual</u>
Bond Anticipation Notes	\$ <u>635,000.00</u>	2.00%	05/23/16	12/31/16	217 Days	\$ <u>7,655.28</u>
Serial Bonds - 2007	\$ 98,000.00	5.00%	12/01/16	12/31/16	30 Days	408.33
Serial Bonds - 2014	<u>1,345,000.00</u>	Var.	12/01/16	12/31/16	30 Days	<u>5,262.50</u>
	<u>\$ 1,443,000.00</u>					<u>5,670.83</u>
						13,326.11
Add: Excess to be Utilized in Subsequent Year's Budget						<u>469.72</u>
						<u>\$ 13,795.83</u>

BEACH UTILITY OPERATING FUND

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 98,907.25
<u>INCREASED BY</u>		
Sewer Charges Levied		<u>1,987,011.37</u>
		2,085,918.62
<u>DECREASED BY</u>		
Receipts	\$ 1,981,731.12	
Overpayments Applied	12,023.71	
Prepayments Applied	<u>15,434.43</u>	<u>2,009,189.26</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 76,729.36</u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance December 31, 2015				
	<u>Appropriation</u> <u>Reserves</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 10,050.54		\$ 10,050.54		\$ 10,050.54
Other Expenses	60,960.00	\$ 60,479.02	121,439.02	\$ 70,337.75	51,101.27
Sewer Service Agreement with the Neptune Township Sewerage Authority	138.00		138.00		138.00
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay		40,107.00	40,107.00	39,309.50	797.50
<u>DEFERRED CHARGES AND</u>					
<u>STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>4,529.58</u>		<u>4,529.58</u>		<u>4,529.58</u>
	<u>\$ 75,678.12</u>	<u>\$ 100,586.02</u>	<u>\$ 176,264.14</u>	<u>\$ 109,647.25</u>	<u>\$ 66,616.89</u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 3,887.21					
<u>INCREASED BY</u>						
Budget Appropriations:						
Interest on Bonds	<u>34,500.00</u>					
	38,387.21					
<u>DECREASED BY</u>						
Cash Disbursed	<u>34,500.00</u>					
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u>3,887.21</u>					
<u>ANALYSIS OF BALANCE</u>						
	Amount Outstanding December 31, 2016	Interest Rate	From	To	Accrual Period	Accrual
Serial Bonds - 2014	\$ 760,000.00	Var.	12/01/16	12/31/16	30 Days	\$ 2,800.00
Add: Excess to be utilized in succeeding year's budget						<u>1,087.21</u>
						\$ <u>3,887.21</u>

BEACH UTILITY CAPITAL FUND

**BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2015	Receipts		Disbursements			Balance December 31, 2016	
		Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	Transfers		
					From	To		
Capital Fund Balance	\$ 3,053.65	\$ 6,148.70					\$ 9,202.35	
Capital Improvement Fund	27,899.61	9,000.00					36,899.61	
Reserve for Encumbrances	88,177.81				\$ 3,700.00	\$ 100,000.00	137,563.91	
Accounts Payable	7,125.00			\$ 46,913.90			7,125.00	
Reserve for Upgrade to Public Safety Station	10,500.00	14,820.00		2,500.00			22,820.00	
Reserve for Public Works Generator		13,000.00					13,000.00	
Due to Beach Utility Operating Fund	23.87	162.39					47.74	
Due from Current Fund	(17,508.17)			138.52			(17,508.17)	
<u>Ordinance</u>								
<u>Number</u>	<u>Description</u>							
00-09	Beach Erosion Control Project	42,784.85		\$ 104.00			42,680.85	
04-05	Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe	2,375.50					2,375.50	
07-11	Various Beachfront Improvements	2,519.59					2,519.59	
09-13	Acquisition of a Load and Pack Vehicle	3,301.66					3,301.66	
10-02	Concession Trailer	2,108.28					2,108.28	
12-09	Beach Rake Acquisition	2,359.87					2,359.87	
13-02	Various Beach Improvements	137,836.02		16,278.52	100,000.00	3,700.00	25,257.50	
14-05	Parking Meter Pay Station Installation	13,442.80					13,442.80	
16-02	Land Acquisition		\$ 635,000.00	629,326.94			5,673.06	
		<u>\$ 326,000.34</u>	<u>\$ 43,131.09</u>	<u>\$ 635,000.00</u>	<u>\$ 645,709.46</u>	<u>\$ 103,700.00</u>	<u>\$ 103,700.00</u>	<u>\$ 301,744.55</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2016

BALANCE, DECEMBER 31, 2015 \$ 2,678,451.81

INCREASED BY

Capital Outlay 2015 Appropriation Reserves	\$	6,202.50	
Capital Outlay 2016 Appropriations		76,947.90	
Transferred from Fixed Capital Authorized and Uncompleted		<u>629,326.94</u>	<u>712,477.34</u>

BALANCE, DECEMBER 31, 2016 \$ 3,390,929.15

Detail:

Beach Cleaning Equipment	\$	75,000.00
Pavilion Roof		9,169.17
Computer System		6,500.00
Improvement to the Public Beach Front - 1993		1,850,154.00
Modification to Groin Fields		285,352.05
Improvement to Second Ave. Pump Station		80,000.00
Improvement to the Public Beach Front - 1999		30,000.00
Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe		41,124.50
Acquisition of a Beach Tractor		30,357.74
2016 Land Acquisition		629,326.94
Capital Outlay Appropriations:		
2002		8,311.89
2003		8,000.00
2004		4,070.00
2005		5,000.00
2006		22,000.00
2007		7,199.34
2008		902.03
2009		17,591.76
2010		11,490.00
2011		56,421.66
2012		44,331.80
2013		45,334.57
2014		16,392.30
2015		23,749.00
2016		<u>83,150.40</u>
	\$	<u>3,390,929.15</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2016

Exhibit FB-3

<u>Ordinance Number</u>	<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorizations</u>	<u>Transferred to Fixed Capital</u>	<u>Balance December 31, 2016</u>
00-09	Beach Erosion Control Project Sewer System	8/8/2000 10/11/2011	\$ 398,000.00	\$ 128,000.00			\$ 128,000.00
04-05	Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe	3/22/2004	43,500.00	2,375.50			2,375.50
06-17	Various Beachfront Improvements	11/28/2006	750,000.00	750,000.00			750,000.00
09-13	Acquisition of a Load and Pack Vehicle	11/10/2009	124,000.00	124,000.00			124,000.00
10-02	Concession Trailer	2/23/2010	60,600.00	60,600.00			60,600.00
13-02	Various Beach Improvements	2/27/2013	1,600,000.00	1,600,000.00			1,600,000.00
14-05	Acquisition of Parking Meter Stations	2/27/2014	140,000.00	140,000.00			140,000.00
16-02	Real Property Acquisition	1/26/2016	635,000.00	<u> </u>	\$ 635,000.00	\$ 629,326.94	<u>5,673.06</u>
				<u>\$ 2,804,975.50</u>	<u>\$ 635,000.00</u>	<u>\$ 629,326.94</u>	<u>\$ 2,810,648.56</u>

**BOROUGH OF BRADLEY BEACH
 BEACH UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS
 YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
		<u>Date</u>	<u>Amount</u>				
Beach Improvement Bonds	12/13/07	12/01/17	\$ 98,000.00	5.000%	\$ 191,000.00	\$ 93,000.00	\$ 98,000.00
Beach Improvement Bonds	12/24/14	12/01/17	95,000.00	4.00%			
		12/01/18	100,000.00	4.00%			
		12/01/19	105,000.00	4.00%			
		12/01/20	110,000.00	4.00%			
		12/01/21	115,000.00	5.00%			
		12/01/22	120,000.00	5.00%			
		12/01/23	125,000.00	5.00%			
		12/01/24	135,000.00	5.00%			
		12/01/25	140,000.00	5.00%			
		12/01/26	145,000.00	5.00%			
		12/01/27	155,000.00	5.00%			
					<u>1,440,000.00</u>	<u>95,000.00</u>	<u>1,345,000.00</u>
					<u>\$ 1,631,000.00</u>	<u>\$ 188,000.00</u>	<u>\$ 1,443,000.00</u>

**BOROUGH OF BRADLEY BEACH
 BEACH UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Description	Ordinance		Balance	2016 Authorizations	Paid or Charged	Balance	
		Date	Amount	December 31, 2015 Funded			December 31, 2016 Funded	Unfunded
00-09	Beach Erosion Control Project (241,769.00)	8/8/2000	\$ 640,000.00	\$ 42,784.85		\$ 104.00	\$ 42,680.85	
04-05	Repair and/or Replacement of the Flume at Fletcher Lake and the Extension of the Outfall Pipe	3/22/2004	58,000.00	2,375.50			2,375.50	
07-11	Various Beachfront Improvements	11/28/2006	750,000.00	2,519.59			2,519.59	
09-13	Acquisition of a Load and Pack Vehicle	11/10/2009	124,000.00	3,301.66			3,301.66	
10-02	Concession Trailer	2/25/2010	60,600.00	2,108.28			2,108.28	
12-09	Beach Rake Acquisition	7/10/2012	45,000.00	2,359.87			2,359.87	
13-02	Various Beach Improvements	2/27/2013	1,600,000.00	137,836.02		116,278.52	25,257.50	
14-05	Parking Meter Pay Station Installation	2/27/2014	140,000.00	13,442.80			13,442.80	
16-02	Real Property Acquisition	1/26/2016	635,000.00		\$ 635,000.00	629,326.94		\$ 5,673.06
				<u>\$ 206,728.57</u>	<u>\$ 635,000.00</u>	<u>\$ 745,709.46</u>	<u>\$ 94,046.05</u>	<u>\$ 5,673.06</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 27,899.61
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>9,000.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u>36,899.61</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Number</u>	<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Balance December 31, 2016</u>
16-02	Land Acquisition	05/23/16	05/23/16	05/23/17	2.00%	\$ -	\$ 635,000.00	\$ 635,000.00
						<u>\$ -</u>	<u>\$ 635,000.00</u>	<u>\$ 635,000.00</u>

SEWER UTILITY CAPITAL FUND

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF CASH AND CASH EQUIVALENTS

	Balance December 31, <u>2015</u>	Receipts <u>Miscellaneous</u>	Disbursements <u>Miscellaneous</u>	Balance December 31, <u>2016</u>
Fund Balance	\$ 1,401.41			\$ 1,401.41
Capital Improvement Fund	191,251.94			191,251.94
Reserve for Roof Repairs - P.W. Buildings	25,000.00	\$ 75,000.00		100,000.00
Due to Sewer Utility Operating Fund	20.45		\$ 20.45	
Reserve for Manhole Resetting	50,000.00	50,000.00		100,000.00
Reserve for Video Inspection of Sewer Lines	25,000.00			25,000.00
Reserve for Public Works Generator		13,000.00		13,000.00
Reserve for Sewer Infrastructure Upgrades		114,070.00		114,070.00
Reserve for Encumbrances	4,707.27		2,507.27	2,200.00
Reserve for Payment of Bonds	39,539.77			39,539.77
<u>Ordinance</u> <u>Number</u>	<u>Improvement</u> <u>Authorizations</u>			
12-13/ 13-06	Reconstruction of Sewer Pump Station	<u>1,385.61</u> \$		<u>1,385.61</u>
		<u>\$ 338,306.45</u> \$	<u>\$ 252,070.00</u> \$	<u>\$ 587,848.73</u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2016

BALANCE, DECEMBER 31, 2015 \$ 3,380,541.85

INCREASED BY

Capital Outlay 2015 Appropriation Reserves	\$ 39,309.50	
Capital Outlay 2016 Appropriations	252,920.00	
Transferred from Fixed Capital Authorized and Uncompleted	<u>989,614.39</u>	<u>1,281,843.89</u>

BALANCE, DECEMBER 31, 2016 \$ 4,662,385.74

Detail:

Improvement of Sewer System, Stage I - 1973	\$ 100,000.00
Improvement of Sewer System, Stage II - 1976	690,267.47
Improvement of Sewer System, Stage II - 1981	30,718.44
Improvement of Sewer System, Stage II - 1981	257,244.41
Improvement of Sewer System - 1998	73,257.61
Purchase of Equipment - 1994	39,814.00
Purchase of Jet Sewer Cleaner - 1992	19,000.00
Computer System - 1995	9,750.00
Improvement to Municipal Sewer Building	35,543.02
Improvements to the Pump Station- 1996	294,666.45
Improvements to the Pump Station- 1997	93,665.00
Sewer Utility Improvements - 1999	282,005.65
Sewer Utility Improvements - 2000	297,425.54
Improvement of Sewer System - 2000	200,000.00
Improvement of Sewer System - 2001	230,000.00
Sanitary Sewer Pump Station Reahabilitation - 2006	322,469.33
Sewer Evaluation, Cleaning and Rehabilitation	265,621.91
Capital Outlay - 2006 Appropriations	25,542.40
Capital Outlay - 2007 Appropriations Reserves	13,550.62
Capital Outlay - 2013 Appropriation Reserve	12,500.00
Capital Outlay - 2015 Appropriations	87,500.00
Capital Outlay - 2015 Appropriation Reserves	39,309.50
Capital Outlay - 2016 Appropriations	252,920.00
Pump Station Reconstruction - 2016	<u>989,614.39</u>

\$ 4,662,385.74

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance Number</u>	<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>	<u>Balance December 31, 2015</u>	<u>Transferred to Fixed Capital</u>	<u>Balance December 31, 2016</u>
12-13/ 13-06	Reconstruction of Sewer Pump Station	11/28/12 05/28/13	\$ 991,000.00	\$ <u>991,000.00</u>	\$ <u>989,614.39</u>	\$ <u>1,385.61</u>
				\$ <u>991,000.00</u>	\$ <u>989,614.39</u>	\$ <u>1,385.61</u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Improvement Bonds	12/24/14	\$ 820,000.00	12/01/17	\$ 30,000.00	4.00%			
			12/01/18	30,000.00	4.00%			
			12/01/19	30,000.00	4.00%			
			12/01/20	30,000.00	4.00%			
			12/01/21	30,000.00	5.00%			
			12/01/22	35,000.00	5.00%			
			12/01/23	35,000.00	5.00%			
			12/01/24	40,000.00	5.00%			
			12/01/25	40,000.00	5.00%			
			12/01/26	40,000.00	5.00%			
			12/01/27	45,000.00	5.00%			
			12/01/28	45,000.00	5.00%			
			12/01/29	50,000.00	5.00%			
			12/01/30	50,000.00	5.00%			
			12/01/31	55,000.00	4.00%			
			12/01/32	55,000.00	4.00%			
			12/01/33	60,000.00	3.25%			
12/01/34	60,000.00	3.25%						
						\$ 790,000.00	\$ 30,000.00	\$ 760,000.00
						<u>\$ 790,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 760,000.00</u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016

Ordinance		<u>Ordinance</u>		Balance Decemebr 31, 2016 and 2015
<u>Number</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>	<u>Funded</u>
12-13/ 13-06	Reconstruction of Sewer Pump Station	11/28/12/ 05/28/13	\$ 791,000.00	\$ <u>1,385.61</u>
				\$ <u><u>1,385.61</u></u>

BOROUGH OF BRADLEY BEACH
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

BALANCE, DECEMBER 31, 2016 AND 2015

\$ 191,251.94

OTHER INFORMATION (UNAUDITED)
STATISTICAL SECTION

BOROUGH OF BRADLEY BEACH
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)
UNAUDITED

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	\$ 901,619.64	\$ 885,829.30	\$ 992,196.62	\$ 732,000.00	\$ 820,667.13	\$ 609,865.64	\$ 575,943.92	\$ 626,143.00	\$ 522,953.76	\$ 511,335.16
Land Use	29,474.18	29,291.36	31,487.60	31,713.00	20,792.00	19,050.00	15,050.00	26,300.00	23,750.00	22,150.00
Code Enforcement	94,191.06	87,534.03	83,720.32	73,043.00	89,045.62	87,678.00	123,937.00	130,357.00	120,822.00	117,090.00
Insurance	1,247,878.00	1,198,072.00	1,170,096.26	1,091,475.00	1,112,853.14	967,182.00	929,364.99	876,820.00	841,180.00	850,282.00
Public Safety	2,430,916.58	2,497,503.98	2,420,803.45	2,350,780.31	2,361,289.38	2,335,279.51	2,386,501.50	2,236,717.09	2,258,798.36	2,126,430.41
Public Works	1,044,680.48	944,424.52	921,993.31	891,306.00	2,012,070.34	962,089.00	852,082.76	939,529.91	895,292.00	958,277.00
Health and Human Services	23,010.00	24,860.00	24,860.00	24,860.00	24,760.00	24,292.00	23,612.00	24,235.00	19,515.00	16,340.00
Parks and Recreation	184,811.00	154,400.00	137,850.00	122,300.00	131,400.00	119,780.00	106,885.00	120,115.00	113,100.00	111,100.00
Library	377,733.26	363,238.24	365,259.96	376,085.91	379,753.32	387,890.88	392,692.74	388,693.22	379,425.00	349,268.30
Utility Expenses and Bulk Purchases	261,125.00	270,125.00	300,025.00	284,320.00	337,100.00	338,130.00	295,100.00	333,100.00	342,050.00	256,100.00
Deferred Charges and Statutory Expenditures	905,763.49	875,899.88	1,105,063.08	1,002,571.93	679,163.52	707,312.70	566,171.73	579,476.75	576,220.47	422,892.85
State and Federal Grants	70,578.87	60,748.16	48,351.59	79,046.49	88,180.72	55,503.68	50,652.64	49,103.35	54,992.39	22,894.02
Capital Improvements	220,000.00	82,500.00	42,400.00	30,000.00	73,065.76	92,500.00	22,163.20	50,000.00	50,000.00	20,000.00
Debt Service	1,217,086.85	1,326,388.95	1,209,019.53	1,118,103.31	1,113,993.81	1,042,034.98	1,077,292.29	1,037,091.62	915,224.62	854,748.00
Reserve for Uncollected Taxes	359,378.09	355,920.28	346,897.25	413,865.73	305,242.79	286,003.15	279,000.66	336,895.60	332,037.64	316,869.18
Contingent	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00	3,700.00
	<u>\$ 9,371,946.50</u>	<u>\$ 9,160,435.70</u>	<u>\$ 9,203,723.97</u>	<u>\$ 8,625,170.68</u>	<u>\$ 9,553,077.53</u>	<u>\$ 8,038,291.54</u>	<u>\$ 7,700,150.43</u>	<u>\$ 7,758,277.54</u>	<u>\$ 7,449,061.24</u>	<u>\$ 6,959,476.92</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF BRADLEY BEACH
SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)
UNAUDITED

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 1,616,253.82	\$ 1,535,029.87	\$ 1,484,826.01	\$ 1,448,808.00	\$ 1,485,835.52	\$ 1,373,018.50	\$ 1,383,860.97	\$ 1,331,441.50	\$ 1,247,282.00	\$ 1,154,781.00
Capital Improvements	252,920.00	147,607.00	32,500.00	75,000.00	105,000.00	40,000.00	6,000.00	25,000.00	25,000.00	45,000.00
Debt Service	64,500.00	263,253.03	216,545.06	221,025.00	224,921.00	230,465.61	232,799.00	221,892.50	224,210.00	168,175.00
Deferred Charges and Statutory Expenditures	87,160.75	86,795.50	86,715.00	77,968.00	79,065.00	66,201.28	66,457.00	56,560.00	49,313.00	38,718.00
Other										203.64
	<u>\$ 2,020,834.57</u>	<u>\$ 2,032,685.40</u>	<u>\$ 1,820,586.07</u>	<u>\$ 1,822,801.00</u>	<u>\$ 1,894,821.52</u>	<u>\$ 1,709,685.39</u>	<u>\$ 1,689,116.97</u>	<u>\$ 1,634,894.00</u>	<u>\$ 1,545,805.00</u>	<u>\$ 1,406,877.64</u>

BOROUGH OF BRADLEY BEACH
BEACH UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)
UNAUDITED

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 1,588,921.07	\$ 1,594,797.65	\$ 1,497,164.45	\$ 872,462.42	\$ 1,350,223.92	\$ 1,282,476.00	\$ 1,187,357.50	\$ 1,090,450.00	\$ 1,017,499.00	\$ 979,805.00
Capital Improvements	87,000.00	47,000.00	20,000.00	448,144.00	56,000.00	82,500.00	11,490.00	19,000.00	18,300.00	18,563.00
Debt Service	267,794.38	262,307.55	129,036.18	60,000.00	108,055.00	102,800.00	193,260.00	194,818.00	195,787.00	148,851.00
Deferred Charges and Statutory Expenditures	96,000.00	84,000.00	85,500.00	121,753.85	76,565.36	75,500.00	64,978.00	65,978.00	63,400.00	54,200.00
Other									22.00	714.00
	<u>\$ 2,039,715.45</u>	<u>\$ 1,988,105.20</u>	<u>\$ 1,731,700.63</u>	<u>\$ 1,502,360.27</u>	<u>\$ 1,590,844.28</u>	<u>\$ 1,543,276.00</u>	<u>\$ 1,457,085.50</u>	<u>\$ 1,370,246.00</u>	<u>\$ 1,295,008.00</u>	<u>\$ 1,202,133.00</u>

BOROUGH OF BRADLEY BEACH
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)
UNAUDITED

Source	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Surplus Anticipated	\$ 785,567.92	\$ 735,626.60	\$ 515,000.00	\$ 413,500.00	\$ 421,312.00	\$ 465,000.00	\$ 400,000.00	\$ 636,000.00	\$ 725,000.00	\$ 626,000.00
Taxes (1)	7,153,782.76	6,998,103.98	6,670,722.50	6,566,736.55	6,556,648.27	6,218,381.96	6,093,667.07	5,790,339.69	5,460,995.79	4,958,175.24
Delinquent Taxes	168,781.10	202,168.19	259,967.26	182,673.32	194,965.92	207,038.76	160,598.53	132,383.83	137,198.86	200,769.40
Miscellaneous	1,206,558.72	1,185,467.64	1,733,438.26	1,167,279.93	974,922.56	901,609.87	773,518.23	805,486.53	961,869.57	1,042,053.03
State Aid	355,290.00	355,290.00	355,290.00	355,289.60	355,290.00	355,290.00	355,119.02	455,208.00	495,500.00	532,298.00
State and Federal Grants	54,578.87	50,748.16	43,351.59	133,721.06	75,920.62	49,243.68	44,392.94	40,384.04	51,492.39	22,894.02
Non-budget Revenues and Other Items	53,645.02	77,531.92	40,282.93	27,639.48	97,183.41	113,105.60	38,729.49	21,617.03	26,850.35	264,114.44
	<u>\$ 9,778,204.39</u>	<u>\$ 9,604,936.49</u>	<u>\$ 9,618,052.54</u>	<u>\$ 8,846,839.94</u>	<u>\$ 8,676,242.78</u>	<u>\$ 8,309,669.87</u>	<u>\$ 7,866,025.28</u>	<u>\$ 7,881,419.12</u>	<u>\$ 7,858,906.96</u>	<u>\$ 7,646,304.13</u>

(1) Excludes tax allocated to county and school.

BOROUGH OF BRADLEY BEACH
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Municipal</u>	<u>Regular</u>	<u>County</u>			<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
			<u>Open Space</u>	<u>Health</u>	<u>School</u>			
2016	\$ 0.604	\$ 0.260	\$ 0.015	\$ 0.005	\$ 0.514	\$ 1.398	99.38%	0.95%
2015	0.601	0.264	0.014	0.005	0.512	1.396	99.22%	1.08%
2014	0.588	0.266	0.015	0.005	0.510	1.384	98.72%	1.28%
2013	0.580	0.270	0.015	0.005	0.499	1.369	98.31%	1.68%
2012	0.573	0.260	0.015	0.005	0.465	1.318	98.77%	1.22%
2011	0.541	0.259	0.016	0.005	0.448	1.269	98.92%	1.37%
2010	0.531	0.253	0.016	0.005	0.444	1.249	98.53%	1.56%
2009	0.497	0.238	0.016	0.005	0.439	1.195	98.94%	1.29%
2008	0.470	0.230	0.015	0.004	0.464	1.183	98.91%	1.06%
2007	0.428	0.226	0.014	0.005	0.466	1.139	98.72%	1.05%

Source: Tax Collector.

BOROUGH OF BRADLEY BEACH
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Net</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2016	\$ 15,999,602.16	\$ 15,899,783.52	99.38%
2015	15,763,738.82	15,641,002.73	99.22%
2014	15,428,910.06	15,230,930.19	98.72%
2013	15,268,796.59	15,010,815.82	98.31%
2012	14,895,965.81	14,713,120.70	98.77%
2011	14,374,032.60	14,220,379.01	98.92%
2010	14,172,010.53	13,964,893.94	98.53%
2009	13,464,479.97	13,322,316.24	98.94%
2008	13,318,243.93	13,172,421.06	98.91%
2007	12,792,723.14	12,629,086.23	98.72%

Abstracted from annual audit reports.

BOROUGH OF BRADLEY BEACH
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2016	\$ 1,754.55	\$ 149,682.14	\$ 151,436.69	0.95%
2015	1,578.41	169,436.44	171,014.85	1.08%
2014	1,398.32	202,168.19	203,566.51	1.32%
2013	1,310.20	257,360.32	258,670.52	1.69%
2012	689.75	182,718.43	183,408.18	1.23%
2011	523.68	196,942.55	197,466.23	1.37%
2010	282.18	220,314.88	220,597.06	1.56%
2009	274.68	173,804.19	174,078.87	1.29%
2008	267.50	141,148.83	141,416.33	1.06%
2007	260.40	134,596.94	134,857.34	1.05%

Abstracted from annual audit reports

BOROUGH OF BRADLEY BEACH
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Aggregate</u> <u>Assessed</u> <u>Valuations</u> <u>of Real</u> <u>Property</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed</u> <u>to Estimated</u> <u>Full Cash</u> <u>Valuations</u>
2016	\$ 1,146,191,500	\$ 1,183,766,155	97.03%
2015	1,131,026,920	1,133,200,920	103.45%
2014	1,112,381,900	1,089,715,811	102.08%
2013	1,121,780,200	1,116,643,639	100.46%
2012	1,133,446,516	1,128,256,536	100.46%
2011	1,138,122,273	1,139,261,535	99.90%
2010	1,130,522,544	1,163,687,642	97.15%
2009	1,126,294,100	1,177,639,168	95.64%
2008	1,123,044,400	1,165,709,363	96.34%
2007	1,118,334,200	1,137,906,186	98.28%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF BRADLEY BEACH
SCHEDULE OF TEN LARGEST TAXPAYERS
FOR 2016
UNAUDITED

<u>Taxpayer</u>	<u>Assessed Value - 2016</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
Bradley Beach Village, LLC	\$ 10,176,000	0.88 %
Mariner 5 Associates, LLC	3,712,400	0.32
Bradley Driftwood, LLC	3,387,200	0.30
Terrace Lake Apartments	3,256,700	0.28
Bradis, Spyros & Angela	3,203,200	0.28
Rega Bradley Beach, LLC	3,092,400	0.27
Ocean Beach Apts., LLC	2,703,400	0.24
G & D Properties, LLC	2,600,700	0.23
Simone Enterprises, LLC	2,593,600	0.23
Channel Properties, LLC	<u>2,581,400</u>	<u>0.22</u>
	<u>\$ 37,307,000</u>	<u>3.25 %</u>

Source: Municipal Tax Collector.

BOROUGH OF BRADLEY BEACH
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
UNAUDITED

Average Equalized Valuation Basis	\$ <u>1,135,560,962.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 39,744,633.67
Net Debt	<u>4,772,363.49</u>
Remaining Borrowing Power	\$ <u>34,972,270.18</u>

<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
\$ <u>8,705,223.66</u>	\$ <u>3,932,860.17</u>	\$ 4,772,363.49

<u>Overlapping Debt Apportioned to the Municipality:</u>	<u>Overlapping</u>	
County of Monmouth (1)	<u>Percentage</u>	
\$ 456,319,190.08	1.01903%	<u>4,650,037.58</u>
		\$ <u>9,422,401.07</u>

Source: (1) County of Monmouth, Annual Debt Statement and Abstract of Ratables

BOROUGH OF BRADLEY BEACH
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population (1)</u>	<u>Equalized</u> <u>Valuation (2)</u>	<u>Net</u> <u>Debt (3)</u>	<u>Ratio of</u> <u>Net Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2016	4,298	\$ 1,183,766,155.00	\$ 4,772,363.49	0.40%	\$ 1,110.37
2015	4,298	1,133,200,920.00	7,143,679.23	0.63%	\$ 1,662.09
2014	4,298	1,089,715,811.00	4,772,363.49	0.44%	1,110.37
2013	4,298	1,116,643,639.26	5,357,560.03	0.48%	1,246.52
2012	4,298	1,128,256,535.93	7,129,565.05	0.63%	1,658.81
2011	4,298	1,138,837,237.00	6,543,517.33	0.57%	1,522.46
2010	4,298	1,163,201,544.00	6,784,785.73	0.58%	1,578.59
2009	4,793	1,177,639,168.00	7,204,710.85	0.61%	1,503.17
2008	4,793	1,165,709,363.00	7,844,934.10	0.67%	1,636.75
2007	4,793	1,137,906,186.00	8,020,186.12	0.70%	1,673.31

(1) Based on the US 2000 and 2010 Census.

(2) Per the State of New Jersey only Real Property included.

(3) Per Annual Debt Statement - Includes Utility Self-Liquidating Net Debt.

BOROUGH OF BRADLEY BEACH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Governmental</u> <u>Fund Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2016	\$ 978,470.97	\$ 227,232.07	\$ 1,205,703.04	\$ 8,892,111.42	13.56%
2015	1,039,421.55	286,939.46	1,326,361.01	8,661,790.13	15.31%
2014	939,739.32	263,900.72	1,203,640.04	8,788,892.67	13.70%
2013	825,196.58	292,166.72	1,117,363.30	8,308,900.24	13.45%
2012	816,630.60	297,293.42	1,113,924.02	8,971,235.79 (2)	12.42%
2011	734,606.10	307,262.84	1,041,868.94	7,664,236.06	13.59%
2010	733,177.19	343,058.06	1,076,235.25	7,700,150.43	13.98%
2009	658,853.00	361,103.55	1,019,956.55	7,758,277.54	13.15%
2008	533,570.77	375,636.44	909,207.21	7,449,061.24	12.21%
2007	495,413.48	347,064.59	842,478.07	6,959,476.92	12.11%

(1) Excludes Sewer and Beach Utilities Debt.

(2) 2012 Governmental Fund Expenditures Include \$1,250,000 Special Emergency for Hurricane Sandy

BOROUGH OF BRADLEY BEACH
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
SEWER UTILITY OPERATING FUND
UNAUDITED

Cash Receipts from Fees, Rents or Other Charges		\$ 2,135,386.07
Deductions:		
Operating and Maintenance Cost	\$ 1,703,414.57	
Debt Service	<u>64,500.00</u>	
Total Deductions		<u>1,767,914.57</u>
Excess in Revenue		<u><u>\$ 367,471.50</u></u>

Source: Annual Debt Statement

BOROUGH OF BRADLEY BEACH
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
BEACH UTILITY OPERATING FUND
UNAUDITED

Cash Receipts from Fees, Rents or Other Charges		\$ 2,199,903.17
Deductions:		
Operating and Maintenance Cost	\$ 1,684,921.07	
Debt Service	<u>267,794.38</u>	
Total Deductions		<u>1,952,715.45</u>
Excess in Revenue		<u>\$ 247,187.72</u>

Source: Annual Debt Statement

BOROUGH OF BRADLEY BEACH
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u>	<u>Unemployment</u> <u>Rate</u> (1)	<u>Per Capita</u> <u>Income</u> (1)
2016	4,298	3.9%	\$ 45,084
2015	4,298	3.9%	45,084
2014	4,298	5.2%	40,976
2013	4,298	6.1%	40,624
2012	4,298	8.5%	N/A
2011	4,298	8.6%	34,802
2010	4,298	8.3%	31,307
2009	4,793	8.5%	25,438
2008	4,793	7.0%	25,438
2007	4,793	5.8%	25,438

(1) Monmouth County Planning Board (Census).

BOROUGH OF BRADLEY BEACH
MISCELLANEOUS STATISTICS
DECEMBER 31, 2016
UNAUDITED

Date of Incorporation	March 1893
Form of Government	Small Municipality
Area	0.70 square miles
Employees:	
Administrative	7
Police	18
Public Works	12
Other - Part-time and Seasonal	<u>99</u>
Total Employees	<u><u>136</u></u>

Source: Borough Records.

COMMENTS AND RECOMMENDATIONS

**GENERAL COMMENTS
DECEMBER 31, 2016**

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

N.J.S. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which exceeds the bid threshold (N.J.S. 40A:11-3), shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

If the purchasing agent is a qualified purchasing agent, the governing body of the contracting unit may establish that the bid threshold may be up to \$40,000.00." The Municipality appointed William Schmeling as their Qualified Purchasing Agent "QPA" for the 2016 year. Accordingly, the Borough's 2016 bid threshold is \$40,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. When a question arises, the Borough's opinion should be sought before a commitment is made.

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

Our examination of expenditures on a test basis did not reveal any individual payments, contracts or agreements in excess of the applicable thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

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

Collection of Interest on Delinquent Taxes and Sewer Charges

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

The Borough adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the Council of the Borough of Bradley Beach as follows:

Collection of Interest on Delinquent Taxes and Sewer Charges - (Continued)

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged against the delinquency, all such payments to be calculated from the date the tax, assessment or charge was payable until the date of actual payment. This shall apply to all existing tax sale certificates held by the Borough of Bradley Beach.
2. As to Tax Sale Certificates, the Tax Collector is hereby authorized and directed to collect 2% when the taxes, interest and costs shall exceed the sum of \$200.00. When the taxes, interest and costs shall exceed the sum of \$5,000.00, such additional sum shall be equal to 4% of such amount paid; and when that sum exceeds \$10,000.00, such additional sum shall be equal to 6% of such amount paid. This shall apply to all existing tax sale certificates held by the Borough of Bradley Beach.

The Borough also adopted the following resolution authorizing interest to be charged on delinquent Sewer charges:

1. The Sewer Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of Sewer Utility charges becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged against the delinquency, all such payments to be calculated from the date the tax, assessment or charge was payable until the date of actual payment. This shall apply to all existing tax sale certificates held by the Borough of Bradley Beach.
2. As to Tax Sale Certificates, the Tax Collector is hereby authorized and directed to collect 2% when the taxes, interest and costs shall exceed the sum of \$200.00. When the taxes, interest and costs shall exceed the sum of \$5,000.00, such additional sum shall be equal to 4% of such amount paid; and when that sum exceeds \$10,000.00, such additional sum shall be equal to 6% of such amount paid. This shall apply to all existing tax sale certificates held by the Borough of Bradley Beach.

Our examination of the Tax and Sewer Collector's records on a test basis, indicated interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2016 and prior years and tax title liens is being properly carried in the Tax Collector's records. An abstract taken from these records as of December 31, 2016, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

Delinquent Taxes and Tax Title Liens – (Continued)

The last tax sale was held on July 17, 2016, and the sale was complete.

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

The number of tax title liens receivable on December 31st was three.

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. However, these liens are minimal and probably unknown property owners. All of the liens at December 31, 2016 have been in existence for many years. Aggregate outstanding lien balances are not material.

Delinquent Sewer Rents

The detail of all unpaid Sewer rents for 2016 and Sewer liens is being properly carried in the Sewer Collector's records. An abstract taken from these records as of December 31, 2016, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report.

Beach Utility Revenue

The revenues for bathing badges for seasonal, half season, daily and other were verified to the cash receipts records. The unused badges retained for audit purposes were verified to the Borough's control detail and compared to total badges purchased for sale by the Borough and to the net revenues generated.

Cash and Cash Equivalents

The cash balances in all funds were verified by independent certifications obtained from the depositories as at December 31, 2016.

Cash counts were made at various dates in selected departments of the Borough.

The change funds and petty cash funds were counted.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were reconciled to the records maintained to the extent deemed necessary. Several deposits tested were not made within 48 hours of receipt. However, these deposits were isolated and were made within a reasonable period of time after receipt.

Expenditures

The vouchers for all funds were examined on a test basis to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed compliance with procedures and requirements have been adhered to, except as follows.

Expenditures – (Continued)

Finding:

Condition: Our examination of paid invoices identified several instances where payments were made before purchase orders were processed and approved.

Cause: Confirming orders generally are made when the urgency of the need for the goods or services does not allow for the required purchasing procedures to be adhered to. All of the confirming orders our testing identified were related to purchases that should have been made under blanket purchase orders as the expenditures occur several times a year.

Criteria: Internal Control.

Client Response: Management is aware that confirming orders are not the norm. Every effort to minimize these type of orders is being made. Open purchase orders at year end will be reviewed to ensure that all purchases requiring an encumbrance at year end be so encumbered.

Recommendation: It is recommended that the Borough's purchasing procedures with respect to purchase orders and encumbrances be adhered to.

Finding:

Condition: Our examination of paid invoices identified two instances where the Borough was unable to provide an invoice or alternate support of amounts paid.

Cause: Both payments were for Medicare reimbursement payments. The Borough will only review one individual's social security paperwork for the cost of Medicare and does not keep a copy on file.

Criteria: Internal Control.

Client Response: Management is aware that a copy of the Medicare cost is not kept on file, and that they do not review the paperwork from every person who receives the Medicare reimbursement

Recommendation: It is recommended that the Borough's purchasing procedures with respect to invoice and payment documentation be adhered to.

Payroll

An examination was made of the employees' compensation records for the year 2016 on a test basis to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Our examination of payroll revealed compliance with procedures and requirements have been adhered to.

The Borough uses an outside vendor for processing of both net pay and withholdings. A SOC 1, Type II Report on Internal Control of Service Organizations was on file.

Our examination of the payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's Operating Funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or function.

Miscellaneous Comments

The Local School District taxes payable at December 31, 2016 were verified.

Construction Code Official

Based on our testing, the Borough is in compliance with the NJAC 5:23-4.17.

Regional Contribution Agreement

The Borough is in an agreement with the Township of Wall to rehabilitate ninety-five (95) housing units over five (5) years. The agreement provided for \$1,900,000.00 to be contributed by the Township of Wall, all of which has been received. A separate audit report will be filed and be available for inspection at the Borough Municipal Building.

Library

The Borough provides, annually, budget appropriations for the library, which receives their appropriation from the Borough on a quarterly basis and has their own independent audit.

Trust Other Fund

The Trust Other Fund various reserves reflect a Miscellaneous Reserve that includes minor amounts of funds related to security deposits and other refundable items. All other reserves tested were properly authorized by Dedication by Rider pursuant to N.J.S.A. 40A:4-39.

Surety Bonds

The surety bonds covering the Tax Collector, Sewer and Beach Utility Revenue Collectors and Municipal Court employees were tested for adequacy of coverage and were determined to be sufficient. Continuation notices were also examined for each surety bond in effect during 2016 and for the blanket honesty coverage.

Federal and State Grants

There are several grants receivable and appropriated reserves that are in excess of three (3) years old that should be reviewed for utilization or refund to the grant source. This matter should be reviewed by the Business Administrator and the specific grant coordinators.

Other Matters

It is suggested that the various matters referred to throughout this report, which require definite action, be referred to the officials directly concerned.

A formal exit conference, in accordance with auditing standards generally accepted in the United States of America, has been held with appropriate Borough Officials and employees.

Follow-up on Prior Year's Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year's recommendations, including findings. A corrective action plan was adopted for the 2015 audit recommendations. The corrective action plan was effective in eliminating all but audit recommendation 2016-1, which is repeated from the prior year's audit recommendations.

Appreciation

We desire to express our appreciation for the cooperation received from the Borough Officials and employees and the courtesies extended to us during the course of the audit.

**RECOMMENDATIONS
DECEMBER 31, 2016**

It is recommended that:

2016-1. The Borough's purchasing procedures with respect to purchase orders and encumbrances be adhered to.

2016-2. The Borough's purchasing procedures with respect to invoice and payment documentation be adhered to.

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