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**BOROUGH OF UNION BEACH**

**COUNTY OF MONMOUTH**

**DECEMBER 31, 2017**

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

**2807 Hurley Pond Road, Suite 100**  
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**Wall, New Jersey 07719**

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

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# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

1.

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Union Beach  
County of Monmouth  
Union Beach, New Jersey 07735

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements - regulatory basis of the various funds and account groups of the Borough of Union Beach (the "Borough"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016 and the related consolidated statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related consolidated statement of revenues - regulatory basis and consolidated statement of expenditures - regulatory basis of the various funds for the year ended.

### Management's Responsibility for the Financial Statements

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

### Auditors Responsibility

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

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

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

As discussed in Note 1 to the financial statements, the Borough prepares statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. In addition, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit the LOSAP fund financial statements as a part of our audit of the Borough's financial statements. The LOSAP fund financial statements are included in the Borough's Trust Fund and represent 36% and 28% of the assets and liabilities as of December 31, 2017 and 2016, respectively, of the Borough's Trust Fund.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, County of Monmouth, State of New Jersey, as of December 31, 2017 and 2016 or the results of its operations and changes in fund balance for the years then ended.

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

#### **Opinion**

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2017, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.




However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2017, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2017 on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2018 on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



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*Robert A. Hulsart and Company*

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

June 15, 2018

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

BALANCE SHEET

REGULATORY BASIS

Exhibit A  
Sheet 1 of 2

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<u>Assets</u>			
Cash:			
Treasurer	A-4	\$ 230,074.83	358,095.16
Tax Collector	A-5	3,897,652.23	3,512,151.07
Borough Clerk	A-6	0.12	0.15
Payroll		53,865.42	
Escrow		55,522.16	
Off Duty Police		51.40	
Change Fund		50.00	50.00
Construction Department	Contra		41,597.33
		<u>4,237,216.16</u>	<u>3,911,893.71</u>
Due From State of New Jersey Veterans and Senior Citizens	A-8	<u>36,220.03</u>	<u>37,670.03</u>
Receivables With Full Reserves:			
Delinquent Taxes	A-7	308,189.68	364,778.33
Prepaid School Taxes	A-4		63,711.51
Property Acquired for Taxes	A-12	2,191,000.00	2,191,000.00
Demolition Lien	A-9	14,508.12	14,508.12
Tax Title Liens	A-10	5,045.20	3,920.42
Interfunds:			
Sewer Capital	A-4	15,000.00	15,000.00
Sewer Operating		11,739.14	
SUI Trust	B		3,369.79
Dog Trust	A-21	<u>33,713.53</u>	<u>25,926.53</u>
		<u>2,579,195.67</u>	<u>2,682,214.70</u>
Deferred Charges:			
Special Emergency N.J.S.;40A:4-53	A-3		60,000.00
		<u>6,852,631.86</u>	<u>6,691,778.44</u>
<u>State and Federal Grants</u>			
Interfund Current	Contra	428,789.55	376,785.28
Grants Receivable	A-18	<u>101,782.06</u>	<u>92,289.45</u>
		<u>530,571.61</u>	<u>469,074.73</u>
Total Assets		<u>\$ 7,383,203.47</u>	<u>7,160,853.17</u>

CURRENT FUND

BALANCE SHEET

REGULATORY BASIS

Exhibit-A  
Page 2 of 2

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3	360,602.99	289,364.92
Encumbrances	A-3	138,807.50	174,363.59
Reserve For Insurance Claims	A-4	355,217.59	405,863.49
Reserve For Revaluation	A-3	112,258.00	124,241.00
Reserve for STEP Program	A-4	67,500.00	67,500.00
Prepaid Building Fees	A-4	7,475.00	41,597.33
Due to General Capital Fund	A-4,C	262,729.36	274,781.17
Added Taxes Due County	A-14	33,802.60	28,178.13
Interfund - SUI	B	26,733.39	
Due to Sewer Utility Fund	D		240,690.29
Tax Overpayments	A-10	8,827.34	8,188.27
Other Reserves-Public Works Equipment	A-4	72,392.29	94,576.29
Due to State of N.J. - Code Training Fees	A-4	12,053.00	6,026.00
Prepaid Taxes	A-5,7	218,998.75	78,016.24
Due to Grant Fund	Contra	428,789.55	376,785.28
Due to Trust - Other	B	170,953.17	197,737.72
Reserve For Tax Appeals	A-17	545,033.49	545,033.49
Accounts Payable	A-4	31,378.18	2,193.18
Total Liabilities		<u>2,853,552.20</u>	<u>2,955,136.39</u>
Reserve for Receivables		2,579,195.67	2,682,214.70
Fund Balance	A-1	<u>1,419,883.99</u>	<u>1,054,427.35</u>
		<u>6,852,631.86</u>	<u>6,691,778.44</u>
<b><u>Federal and State Grant Fund</u></b>			
Appropriation Reserves	A-19	491,143.44	421,181.25
Unappropriated Reserves	A-20	39,428.17	47,893.48
		<u>530,571.61</u>	<u>469,074.73</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,383,203.47</u>	<u>7,160,853.17</u>

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

CURRENT FUNDSTATEMENT OF OPERATIONS AND CHANGEIN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Anticipated	A-2	\$ 650,000.00	631,000.00
Miscellaneous Revenue Anticipated	A-2	2,609,289.71	2,726,621.96
Receipts from Delinquent Taxes	A-2	364,778.33	307,509.07
Receipts from Current Taxes	A-2	14,839,479.16	13,837,293.17
Non-Budget Revenue	A-2	247,951.93	157,165.75
Other Credits to Income:			
Prepaid School Taxes Cancelled	A	63,711.49	387.23
Interfunds Liquidated	A		332,506.88
Appropriation Reserves Lapsed	A-16	204,709.16	231,150.48
Budget Appropriations Cancelled	A-3	712.02	3,521.75
		<u>18,980,631.80</u>	<u>18,227,156.29</u>
<b><u>Expenditures</u></b>			
Budget Appropriations:			
Inside CAP:			
Salaries and Wages	A-3	3,750,950.00	3,501,050.00
Other Expenses	A-3	3,256,150.00	3,103,156.00
Deferred Charges and Statutory Expenditures	A-3	805,816.00	730,510.00
Outside CAP:			
Other Expenses	A-3	246,393.48	134,092.16
Capital Improvements	A-3	327,300.00	175,000.00
Debt Service	A-3	1,274,872.04	677,896.00
Deferred Charges	A-3	60,000.00	1,124,475.00
County Taxes	A-14	1,663,547.64	1,631,530.47
Local District School Taxes	A-13	6,563,698.00	6,184,945.50
Prior Year Refund	A-4	291.65	61,776.24
Interfunds Advanced	A	16,156.35	
		<u>17,965,175.16</u>	<u>17,324,431.37</u>
Excess in Revenue		1,015,456.64	902,724.92
Fund Balance January 1	A	1,054,427.35	782,702.43
		2,069,883.99	1,685,427.35
Decreased by:			
Utilized as Anticipated Revenue	A-2	650,000.00	631,000.00
Fund Balance December 31	A	<u>\$ 1,419,883.99</u>	<u>1,054,427.35</u>

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

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 650,000.00	650,000.00	-
Total Fund Balance Appropriated		650,000.00	650,000.00	
<b>Miscellaneous Revenue</b>				
Licenses:				
Alcoholic Beverages	A-15	6,000.00	5,050.00	(950.00)
Fees and Permits	A-15	165,000.00	312,305.77	147,305.77
Municipal Court	A-15	145,000.00	143,562.08	(1,437.92)
Interest and Costs on Taxes	A-15	40,000.00	49,469.40	9,469.40
Parking Meters	A-15	18,000.00	22,171.39	4,171.39
Consolidated Municipal Property Tax Relief Aid	A-15	5,298.00	5,298.00	-
Energy Receipts Tax (P.L. 1997 Chapter 162 & 167)	A-15	661,148.00	661,148.00	-
Uniform Construction Code Fees	A-15	335,000.00	262,729.00	(72,271.00)
Clean Communities	A-18	14,496.21	14,496.21	-
Alcohol Education & Rehabilitation	A-18	1,050.00	1,050.00	-
Driving While Intoxicated	A-18	2,200.00	2,200.00	-
Driving While Intoxicated-Court Sessions	A-18	1,269.06	1,269.06	-
Cops in Shops	A-18	1,800.00	1,800.00	-
Bayshore Saturation	A-18	21,750.00	21,750.00	-
Drive Sober or Get Pulled Over	A-18	10,500.00	10,500.00	-
Post Sandy Planning Assistance-Phase III	A-18	20,000.00	20,000.00	-
Post Sandy Planning Assistance-Phase IV	A-18	50,000.00	50,000.00	-
Utility Operating Surplus	A-18	325,000.00	325,000.00	-
Click It or Ticket	A-18	5,000.00	5,000.00	-
Driving While Intoxicated	A-18	6,425.23	6,425.23	-
Body Armor	A-18	1,702.98	1,702.98	-
Distracted Driver	A-18	5,500.00	5,500.00	-
Cell Tower Rental-T Mobile	A-15	23,200.00	25,940.24	2,740.24
Cell Tower Rental-Verizon	A-15	29,300.00	30,180.99	880.99
Off Duty Administration Fee	A-15	15,000.00	15,000.00	-
Cablevision Franchise Fee	A-15	40,147.00	40,147.00	-
Reserve to Pay Debt	A-15	200,000.00	200,000.00	-
Reserve to Pay Debt - FEMA	A-15	300,000.00	300,000.00	-
Verizon Franchise Fee	A-15	35,497.74	35,497.74	-
Recycling Costs	A-15	900.00	8,133.20	7,233.20
AT & T Wireless	A-15	25,800.00	25,963.42	163.42
Total Miscellaneous Revenue	A-1	2,511,984.22	2,609,289.71	97,305.49
Receipts from Delinquent Taxes	A-1	340,000.00	264,778.33	(75,221.67)
Amount to be Raised by Taxes for Support of the Municipal Budget	A-2	6,631,297.30	7,024,033.52	392,736.22
Total General Revenues		10,133,281.52	10,548,101.56	414,820.04
Miscellaneous Revenue Not Anticipated	A-1	-	247,951.93	247,951.93
Total Revenues		\$ 10,133,281.52	10,796,053.49	662,771.97

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH  
CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Allocation of Current Collections</u>				
Revenue from Collections	A-1		\$ 14,839,479.16	
Less: Allocated to School and County Taxes	A-1		8,227,245.64	
			<u>6,612,233.52</u>	
Add: Reserve for Uncollected Taxes	A-3		411,800.00	
			<u>\$ 7,024,033.52</u>	
 <u>Miscellaneous Revenue Not Anticipated</u>				
Board of Health	A-4	\$ 908.00		
Violation Fees	A-4	42,025.00		
UCC Certifications	A-4	6,572.00		
State of New Jersey	A-4	25,433.72		
DMV Inspection Fines	A-4	5,365.33		
Refunds	A-4	6,058.69		
Building Fees	A-4	9,245.00		
CBS Outdoor Signs	A-4	20,000.00		
Interest	A-4	10,838.13		
Workmen's Compensation	A-4	29,710.52		
Insurance Dividends	A-5	31,687.30		
Other	A-4	<u>60,108.24</u>		
Total Miscellaneous Revenue Not Anticipated	A-1		<u>\$ 247,951.93</u>	

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

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>General Government</b>					
Administrative and Executive:					
Salaries and Wages - Governing Body	\$ 38,000.00	38,000.00	38,000.00	-	
Salaries and Wages - Borough Clerk's Office	106,000.00	106,000.00	106,000.00	-	
Salaries and Wages - Administrator's Office	95,500.00	95,500.00	93,409.76	2,090.24	
Other Expenses	88,300.00	88,300.00	42,613.48	45,686.52	
Office Supplies	75,000.00	75,000.00	60,575.49	14,424.51	
Contractual	17,000.00	17,000.00	13,634.98	3,365.02	
Election:					
Salaries and Wages	4,000.00	4,000.00	4,000.00	-	
Other Expenses	4,000.00	4,000.00		4,000.00	
Financial Administration:					
Salaries and Wages	59,100.00	59,100.00	59,050.00	50.00	
Other Expenses	53,000.00	53,000.00	35,155.50	17,844.50	
Audit Contract	22,500.00	22,500.00	22,500.00	-	
Assessment of Taxes:					
Salaries and Wages	21,500.00	21,500.00	21,200.04	299.96	
Other Expenses	3,500.00	3,500.00	1,841.15	1,658.85	
Collection of Taxes:					
Salaries and Wages	71,500.00	73,500.00	73,500.00	-	
Other Expenses	11,000.00	11,000.00	9,260.67	1,739.33	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Legal Services and Costs:					
Salaries and Wages	47,000.00	47,000.00	46,798.36	201.64	
Other Expenses	55,000.00	55,000.00	53,576.43	1,423.57	
Engineering Services and Costs:					
Salaries and Wages	3,000.00	3,000.00	3,000.00	-	
Other Expenses	125,000.00	158,000.00	153,315.05	4,684.95	

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>General Government (Continued)</b>					
Public Building and Grounds:					
Salaries and Wages	295,000.00	295,000.00	293,701.50	1,298.50	
Other Expenses	103,000.00	103,000.00	90,232.66	12,767.34	
Parks and Playgrounds:					
Other Expenses	17,000.00	17,000.00	16,977.00	23.00	
Zoning/Planning Costs:					
Salaries and Wages	9,600.00	9,600.00	9,500.03	99.97	
Other Expenses	13,000.00	13,000.00	10,555.59	2,444.41	
Heritage Committee:					
Other Expenses	125.00	125.00		125.00	
Borough Prosecutor:					
Salaries and Wages	35,500.00	35,500.00	30,769.24	4,730.76	
Other Expenses	150.00	150.00		150.00	
<b>Public Safety</b>					
Fire:					
Aid to Volunteer Companies	140,000.00	140,000.00	140,000.00	-	
Hydrant Service	122,000.00	124,500.00	123,676.48	823.52	
Alarms	9,200.00	9,200.00	9,200.00	-	
Other Equipment	1,200.00	1,200.00	1,200.00	-	
Police:					
Salaries and Wages	2,071,000.00	2,066,000.00	2,057,742.97	8,257.03	
Other Expenses	112,000.00	117,000.00	115,573.69	1,426.31	
Parking Meters	2,000.00	2,000.00	858.00	1,142.00	
Bayshore Task Force:					
Other Expenses	2,400.00	2,400.00		2,400.00	
Bayshore Strike Force:					
Other Expenses	4,500.00	4,500.00		4,500.00	
Hurricane Sandy					
Other Expenses	30,000.00	15,000.00	9,959.08	5,040.92	



BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>Public Safety (Continued)</u></b>					
Emergency Management Service:					
Other Expenses	8,000.00	8,000.00	6,770.53	1,229.47	
Life Hazard Use Fees:					
Other Expenses	150.00	150.00	150.00	-	
First Aid Organization:					
Contribution	42,000.00	42,000.00	42,000.00	-	
Clothing Allowance	2,000.00	2,000.00	2,000.00	-	
Other Equipment-Reporting Software	1,200.00	1,200.00	1,188.00	12.00	
<b><u>Public Works</u></b>					
Road Repairs and Maintenance:					
Salaries and Wages	341,700.00	341,700.00	336,412.39	5,287.61	
Other Expenses	65,000.00	65,000.00	42,128.38	22,871.62	
Snow Removal	22,000.00	22,000.00	12,903.65	9,096.35	
Garbage and Trash Removal - Contractual	202,000.00	202,000.00	190,086.24	11,913.76	
Landfill Closure Aid (P.L. - 1981 c.396) Monitoring Wells	500.00	500.00		500.00	
Landfill Charge - Taxes	285,000.00	279,500.00	247,813.65	31,686.35	
Recycling Costs:					
Salaries and Wages	79,600.00	79,600.00	77,793.17	1,806.83	
Other Expenses	75,000.00	75,000.00	55,637.23	19,362.77	
<b><u>Health and Welfare</u></b>					
Board of Health:					
Salaries and Wages	48,600.00	48,600.00	46,483.79	2,116.21	
Other Expenses	4,000.00	4,000.00	3,726.12	273.88	
Rodent Extermination and Control:					
Other Expenses	1,000.00	1,000.00	1,000.00	-	
Recreation and Education:					
Senior Citizens	850.00	850.00	850.00	-	
Other Expenses	20,000.00	20,000.00	20,000.00	-	
Bayshore Youth Service Bureau:					
Other Expenses	10,000.00	10,000.00	7,802.01	2,197.99	
Community Celebrations					
Other Expenses	5,000.00	5,000.00	5,000.00	-	
Drug Alliance Program:					
Other Expenses	3,000.00	3,000.00	3,000.00	-	

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**  
**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>Health and Welfare (Continued)</b>					
Bayshore Senior Center:					
Other Expenses	725.00	725.00		725.00	
Municipal Court:					
Salaries and Wages	90,000.00	92,000.00	91,029.81	970.19	
Other Expenses	11,000.00	11,000.00	6,138.13	4,861.87	
Public Defender (P.L. 1997, c. 256):					
Salaries and Wages	4,250.00	4,250.00	4,250.00	-	
Other Expenses	100.00	100.00		100.00	
Insurance					
Liability Insurance	162,550.00	162,550.00	159,672.22	2,877.78	
Flood Insurance	16,700.00	16,700.00	16,700.00		
Worker's Compensation	211,000.00	211,000.00	210,543.88	456.12	
Employee Group Insurance	695,000.00	695,000.00	693,706.10	1,293.90	
Insurance Waiver	25,000.00	25,000.00	25,000.00	-	
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</b>					
Uniform Construction Code:					
Salaries and Wages	295,000.00	276,000.00	268,859.98	7,140.02	
Other Expenses	10,000.00	10,000.00	5,784.62	4,215.38	
Code Enforcement:					
Salaries and Wages	55,100.00	55,100.00	43,966.39	11,133.61	
Other Expenses	3,000.00	3,000.00	2,020.28	979.72	
Unclassified:					
Electricity	140,000.00	140,000.00	132,588.86	7,411.14	
Gasoline	49,000.00	50,500.00	50,201.72	298.28	
Heating Gas	31,000.00	31,000.00	28,760.54	2,239.46	
Telephone	59,000.00	57,500.00	52,616.10	4,883.90	
Irrigation	25,000.00	25,000.00	15,632.05	9,367.95	
Accumulated Sick Leave & Vacation	25,000.00	25,000.00	25,000.00	-	
Shipping Cost	2,000.00	2,000.00	594.13	1,405.87	
Salary and Wage Adjustment	10,000.00	10,000.00		10,000.00	
Total Operations Within "CAPS"	7,005,600.00	7,005,600.00	6,683,187.12	312,412.88	-
Contingent	1,500.00	1,500.00		1,500.00	
Total Operations Within "CAPS" Including Contingent	7,007,100.00	7,007,100.00	6,683,187.12	313,912.88	-

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b><u>Deferred Charges and Statutory Expenditures</u></b>					
<b><u>Municipal Within "CAPS"</u></b>					
Deferred Charges: Dog License Trust Fund	3,600.00	3,600.00	3,600.00	-	
Statutory Expenditures:					
Public Employees Retirement System	168,492.00	168,492.00	168,492.00		
Social Security System (O.A.S.I.)	295,000.00	295,000.00	281,574.02	13,425.98	
Police & Firemen's Retirement System	281,724.00	281,724.00	281,724.00	-	
PFRS & Retro	22,000.00	22,000.00		22,000.00	
Unemployment Compensation Insurance	35,000.00	35,000.00	35,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	805,816.00	805,816.00	770,390.02	35,425.98	-
Total General Appropriations for Municipal Purposes Within "CAPS"	7,812,916.00	7,812,916.00	7,453,577.14	349,338.86	-
<b><u>Operations - Excluded From "CAPS"</u></b>					
Aid to Free Public Library	36,500.00	36,500.00	36,500.00	-	
Police - 911 System	9,100.00	9,100.00	8,966.55	133.45	
Police - Reverse 911 System	6,100.00	6,100.00	6,010.00	90.00	
Length of Service Awards Program	48,000.00	48,000.00	48,000.00	-	
Total Other Operations Excluded from "CAPS"	99,700.00	99,700.00	99,476.55	223.45	-
<b><u>Shared Services Agreements</u></b>					
Registrant Services-Keyport Borough	5,000.00	5,000.00	5,000.00		

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>Public and Private Programs Offset by Revenues</b>					
Click It or Ticket	5,000.00	5,000.00	5,000.00	-	-
Driving While Intoxicated-Court Session	1,269.06	1,269.06	1,269.06	-	-
Post Sandy Planning Assistance-Phase III	20,000.00	20,000.00	20,000.00	-	-
Post Sandy Planning Assistance-Phase IV	50,000.00	50,000.00	50,000.00	-	-
Distracted Driver	5,500.00	5,500.00	5,500.00	-	-
Cops in Shops	1,800.00	1,800.00	1,800.00	-	-
Driving While Intoxicated	2,200.00	2,200.00	2,200.00	-	-
Clean Communities Program	14,496.21	14,496.21	14,496.21	-	-
Drive Sober or Get Pulled Over	10,500.00	10,500.00	10,500.00	-	-
Alcohol Education & Rehabilitation	1,050.00	1,050.00	1,050.00	-	-
Body Armor	1,702.98	1,702.98	1,702.98	-	-
Drunk Driving Enforcement Fund	6,425.23	6,425.23	6,425.23	-	-
Saturation Patrol Grant	21,750.00	21,750.00	21,750.00	-	-
<b>Total Public and Private Programs Offset by Revenues</b>	<b>141,693.48</b>	<b>141,693.48</b>	<b>141,693.48</b>	<b>-</b>	<b>-</b>
<b>Total Operations Excluded from "CAPS"</b>	<b>246,393.48</b>	<b>246,393.48</b>	<b>246,170.03</b>	<b>223.45</b>	<b>-</b>
<b>Capital Improvements - Excluded From "CAPS"</b>					
Capital Improvement Fund	202,000.00	202,000.00	202,000.00	-	-
Construction Code Vehicle	9,800.00	9,800.00	9,657.78	142.22	-
DOT Road Stoppage Additional Cost	15,100.00	15,100.00	15,099.71	0.29	-
Fire Dept Testing Equipment	8,000.00	8,000.00	8,000.00	-	-
Purchase of Flag Poles	20,000.00	20,000.00	20,000.00	-	-
Fire Chiefs Vehicle	12,900.00	12,900.00	12,777.19	122.81	-
Road Overlay of Various Roads	33,000.00	33,000.00	33,000.00	-	-
Public Works Vehicle	9,000.00	9,000.00	8,997.64	2.36	-
Replacement Parking Meters	17,500.00	17,500.00	16,727.00	773.00	-
<b>Total Capital Improvement - Excluded From "CAPS"</b>	<b>327,300.00</b>	<b>327,300.00</b>	<b>326,259.32</b>	<b>1,040.68</b>	<b>-</b>
<b>Municipal Debt Service Excluded From "CAPS"</b>					
Payment of Bond Principals	250,000.00	250,000.00	250,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes	644,776.00	644,776.00	644,776.00	-	-
Interest on Bonds	110,270.00	110,270.00	110,270.00	-	-
Interest on Notes	113,826.04	113,826.04	113,498.68	-	327.36
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	117,000.00	117,000.00	117,000.00	-	-
N.J. Infrastructure Loan	39,000.00	39,000.00	38,615.34	-	384.66
<b>Total Municipal Debt Service Excluded From "CAPS"</b>	<b>1,274,872.04</b>	<b>1,274,872.04</b>	<b>1,274,160.02</b>	<b>-</b>	<b>712.02</b>

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Year Ending 2017 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>Deferred Charges</b>					
Emergency Appropriations	60,000.00	60,000.00	60,000.00		
Special Emergency Authorizations-5 Years (N.J.S. 40A:4-55)	60,000.00	60,000.00	60,000.00		
Total Deferred Charges-Municipal-Excluded From Caps	1,908,565.52	1,908,565.52	1,906,589.37	1,264.13	712.02
Total General Appropriations Excluded from "CAPS"					
Subtotal General Appropriation Reserve for Uncollected Taxes	9,721,481.52 411,800.00	9,721,481.52 411,800.00	9,360,166.51 411,800.00	350,602.99	712.02
Total General Appropriations	<u>\$10,133,281.52</u>	<u>10,133,281.52</u>	<u>9,771,966.51</u>	<u>350,602.99</u>	<u>712.02</u>
		A-1		A	A-1
<b>Paid or Charged</b>					
Disbursed			\$ 8,814,065.53		
Encumbrances			138,807.50		
Emergencies & Deferred Charges			60,000.00		
Deferred Charges:					
Deficit in Animal Control			3,600.00		
Capital Improvement Fund			202,000.00		
Federal and State Grant Fund			141,693.48		
Reserve for Uncollected Taxes			411,800.00		
			<u>\$ 9,771,966.51</u>		

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

TRUST FUND

Exhibit B

BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Assets</u>			
<u>Dog License Fund</u>			
Cash	B-1	\$ 30,948.92	22,377.05
Deferred Charges - Deficit in Operations	B-2	3,623.61	3,586.08
		<u>34,572.53</u>	<u>25,963.13</u>
<u>Payroll</u>			
Cash	B-1	56,783.77	44,911.78
<u>Unemployment Trust</u>			
Cash	B-1	3,357.07	3,352.03
Interfund - Sewer Fund		3,000.00	2,000.00
Interfund - Current Fund	A	26,733.39	
		<u>33,090.46</u>	<u>5,352.03</u>
<u>Trust - Other</u>			
Cash	B-1	515,094.87	719,012.85
Interfund - Current Fund	A	170,953.17	197,737.72
		<u>686,048.04</u>	<u>916,750.57</u>
<u>Length of Service Award Programs - Unaudited</u>			
Investments		447,092.07	395,731.39
Total Assets		<u>\$ 1,257,586.87</u>	<u>1,388,708.90</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Dog License Fund</u>			
Due to State of New Jersey		\$ -	36.60
Prepaid Revenue		159.00	
Reserve for Dangerous Dog		700.00	
Interfund - Current Fund	B-3	33,713.53	25,926.53
		<u>34,572.53</u>	<u>25,963.13</u>
<u>Payroll</u>			
Reserve for Payroll Agency		56,783.77	44,911.78
<u>Unemployment Trust</u>			
Interfund - Current Fund			3,369.79
Reserve for Unemployment	B-4	33,090.46	1,982.24
		<u>33,090.46</u>	<u>5,352.03</u>
<u>Trust - Other</u>			
Reserve for Performance Escrow	B-5	81,111.99	201,454.62
Reserve for Tax Title Liens	B-6	9,943.72	17,671.62
Reserve for National Night Out	B-8	48.32	48.20
Reserve for Law Enforcement Trust	B-9	3,145.45	2,304.00
Reserve for Tax Premium	B-7	290,432.98	363,638.52
Reserve for Special Duty Police	B-10	93,528.68	86,690.48
Reserve for Disaster Relief Fund	B-11	-	35,020.35
Reserve for Various Reserves	B-12	207,836.90	209,922.78
		<u>686,048.04</u>	<u>916,750.57</u>
<u>Length of Service Award Programs - Unaudited</u>			
Reserve for Length of Service Award Programs		447,092.07	395,731.39
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,257,586.87</u>	<u>1,388,708.90</u>

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

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C

BALANCE SHEETREGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<b><u>Assets</u></b>			
Cash	C-2	\$ 738,108.38	736,188.35
Grants Receivable	C-9	580,024.83	461,524.83
Due From Current Fund	C-11	262,729.36	274,781.17
Deferred Charges to Future Taxation:			
Funded		4,600,173.11	4,978,446.91
Unfunded	C-4	<u>9,019,084.00</u>	<u>5,652,560.00</u>
Total Assets		<u>\$ 15,200,119.68</u>	<u>12,103,501.26</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Serial Bonds	C-7	\$ 3,419,000.00	3,669,000.00
Bond Anticipation Notes	C-5	5,786,784.00	5,650,260.00
N.J. Environmental Infrastructure Loan Payable	C-10	108,253.67	142,928.45
Capital Improvement Fund	C-8	2,548.70	1,248.70
Improvement Authorizations:			
Funded	C-6	2,400.00	2,400.00
Unfunded	C-6	3,351,048.88	198,047.97
Green Acres Loan	C-13	1,072,919.44	1,166,518.46
Green Acres Loan Payable - Cash on Hand	C-5	300,000.00	500,000.00
Reserve For FEMA Funds	C-3	807,235.17	
Reserve for Debt Service	C-3	19,011.76	19,011.76
Reserve for Debt-FEMA Beachfront	C-3	210,296.72	680,434.84
Fund Balance	C-1	<u>120,621.34</u>	<u>73,651.08</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 15,200,119.68</u>	<u>12,103,501.26</u>

There were Bonds and Notes authorized but not issued for \$3,232,300.00 at December 31, 2017 and \$2,300.00 at December 31, 2016. (Exhibit C-12).

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

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL FUND BALANCE

REGULATORY BASIS

Exhibit C-1

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 73,651.08
Increased by:		
Premium on Note	C-2	<u>46,970.26</u>
Balance December 31, 2017	C	<u>\$ 120,621.34</u>

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



**SEWER UTILITY FUND**

**BALANCE SHEET**

**REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Balance Dec. 31, 2017</u></b>	<b><u>Balance Dec. 31, 2016</u></b>
<b><u>Assets</u></b>			
<b><u>Sewer Operating</u></b>			
Cash - Checking	D-4	\$ 1,682,961.15	1,480,576.26
Receivables with Full Reserves:			
Sewer Rents Receivable	D-6	161,214.91	185,926.26
Interfund - Current	A	240,690.29	240,690.29
Total Sewer Operating		<u>1,844,176.06</u>	<u>1,907,192.81</u>
<b><u>Sewer Capital</u></b>			
Due from Sewer Operating	Contra	170,000.00	120,000.00
Fixed Capital Authorized Uncompleted		600,000.00	
Fixed Capital	D-8	<u>2,398,325.50</u>	<u>2,398,325.50</u>
Total Sewer Capital		<u>3,168,325.50</u>	<u>2,518,325.50</u>
Total Assets		<u>\$ 5,012,501.56</u>	<u>4,425,518.31</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
<b><u>Sewer Operating</u></b>			
Appropriation Reserves	D-3,6	\$ 97,100.66	98,704.96
Encumbered	D-3,6	3,200.00	
Interfund Unemployment Trust	D-4	3,000.00	2,000.00
Interfund - Current	D-4	11,739.14	
Accounts Payable	D-7		31,295.82
Prepaid Sewer Rents	D-4	67,282.48	75,743.09
Accrued Interest on Notes	D-3	7,212.25	9,975.72
Reserve for Rent Reserve		224,784.70	224,784.70
Interfund - Sewer Capital	Contra	170,000.00	120,000.00
Sewer Overpayment	D-4	<u>2,660.53</u>	<u>2,645.44</u>
		586,979.76	565,149.73
Reserve for Receivables		161,214.91	185,926.26
Fund Balance	D-1	<u>1,095,981.39</u>	<u>1,156,116.82</u>
Total Sewer Operating		<u>1,844,176.06</u>	<u>1,907,192.81</u>
<b><u>Sewer Capital</u></b>			
Capital Improvement Fund	D-9	155,000.00	105,000.00
Improvement Authorization Unfunded	D-12	600,000.00	
Interfund Due Current	D-5	15,000.00	15,000.00
Bond Anticipation Note Payable	D-11	262,500.00	318,500.00
Reserve for Amortization	D-5	486,449.27	396,578.05
U.S.D.A. Loan Payable	D-10	<u>1,649,376.23</u>	<u>1,683,247.45</u>
Total Sewer Capital		<u>3,168,325.50</u>	<u>2,518,325.50</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 5,012,501.56</u>	<u>4,425,518.31</u>

There were Bonds and Notes on December 31, 2017 authorized but not issued for \$600,000.00 and none at December 31, 2016.

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

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHSEWER UTILITY FUND

Exhibit D-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCEREGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<b><u>Revenue and Other Income Realized</u></b>			
Sewer Service Charge	D-2	\$ 1,408,687.73	1,349,615.67
Non-Budget Revenue	D-2	16,465.88	16,727.32
Other Credits to Income:			
Appropriation Reserves Cancelled	D-7	44,704.96	19,849.62
Budget Appropriations Cancelled	D-3	406.00	406.00
		<u>1,470,264.57</u>	<u>1,386,598.61</u>
<b><u>Expenditures</u></b>			
Budget Appropriations:			
Operating	D-3	925,000.00	880,000.00
Capital Improvements	D-3	104,000.00	104,000.00
Debt Service	D-3	173,400.00	152,800.00
Deferred Charges and Statutory Expenditures	D-3	3,000.00	3,000.00
		<u>1,205,400.00</u>	<u>1,139,800.00</u>
Excess/(Deficit) in Revenue		264,864.57	246,798.61
Fund Balance January 1	D	<u>1,156,116.82</u>	<u>1,234,318.21</u>
		1,420,981.39	1,481,116.82
Less Anticipated in Current Budget	D-4	<u>325,000.00</u>	<u>325,000.00</u>
Fund Balance December 31	D	<u>\$ 1,095,981.39</u>	<u>1,156,116.82</u>

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

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHSEWER UTILITY FUND

Exhibit D-2

STATEMENT OF REVENUESREGULATORY BASISFOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-1	\$ 1,205,400.00	1,408,687.73	203,287.73
Total Sewer Utility Revenues		1,205,400.00	1,408,687.73	203,287.73
Miscellaneous Revenue Not Anticipated	D-1		16,465.88	16,465.88
Total Revenues		<u>\$ 1,205,400.00</u>	<u>1,425,153.61</u>	<u>219,753.61</u>
Interest on Delinquent Accounts	D-4		<u>\$ 16,465.88</u>	

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

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2017

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 55,000.00	55,000.00	30,143.67	24,856.33	
Other Expenses	90,000.00	90,000.00	48,962.86	41,037.14	
B.S.R.S.A. - Share of Costs	780,000.00	780,000.00	766,410.92	13,589.08	
Capital Improvements					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00	-	
Capital Outlay	54,000.00	54,000.00	38,381.89	15,618.11	
Debt Service:					
Payment on Bond Anticipation Note	56,000.00	56,000.00	56,000.00	-	-
Interest on Notes	3,600.00	3,600.00	3,600.00	-	-
U.S.D.A. Loan	113,800.00	113,800.00	113,394.00		406.00
Statutory Expenditures:					
Social Security System	2,000.00	2,000.00		2,000.00	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00	-	
	<u>\$ 1,205,400.00</u>	<u>1,205,400.00</u>	<u>1,107,893.34</u>	<u>97,100.66</u>	<u>406.00</u>

Ref.

D

Accrued Interest  
Encumbrances  
Interfund Unemployment  
Disbursed

\$ 3,600.00  
3,200.00  
1,000.00  
1,100,093.34

D,D-7

D

D-1

D-4

\$1,107,893.34

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

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit E

PUBLIC ASSISTANCE TRUST FUNDS

BALANCE SHEET

REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Assets</u>			
Cash	E-1	\$ 9,565.59	9,551.23
<u>Liabilities</u>			
Reserve For:			
Public Assistance I		\$ 9,565.59	9,551.23

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

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHGENERAL FIXED ASSETS

Exhibit F

BALANCE SHEET - REGULATORY BASIS

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<b><u>Assets</u></b>		
Land	\$ 11,662,200.00	11,662,200.00
Building and Building Improvements	1,383,180.00	1,383,180.00
Machinery and Equipment	502,508.79	443,088.79
Total Assets	<u>\$ 13,547,888.79</u>	<u>13,488,468.79</u>
<b><u>Liabilities</u></b>		
Reserve for Fixed Assets	<u>\$ 13,547,888.79</u>	<u>13,488,468.79</u>

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

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH****NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2017****NOTE 1: Summary of Significant Accounting Policies****A. Reporting Entity**

Except as noted below, the financial statements of the Borough of Union Beach, County of Monmouth, New Jersey (the “Borough”), include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Union Beach as required by N.J.S. 40A:5-5.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB Codification establishes seven major fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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

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

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

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

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

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

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

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

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant policies in New Jersey follow.

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

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

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

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

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

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

**Deferred Charges** – the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2017 is set forth in Note 7.



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

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

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

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

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

**Net Pension Liability** – New Jersey’s municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

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

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

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

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

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

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

**D. Basic Financial Statements**

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

**NOTE 1: Summary of Significant Accounting Policies (Continued)****E. Budgets and Budgetary Accounting**

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

**F. Reporting Entity**

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

**NOTE 2: Cash and Cash Equivalents****A. Deposits**

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

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

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

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

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

The carrying amount of the Borough's deposits at year-end was \$8,386,659.52. Of this amount \$250,000.00 was covered by Federal depository insurance and the remaining \$8,136,659.52 was covered by a collateral pool maintained by the banks as required by New Jersey statute.

**NOTE 2: Cash and Cash Equivalents (Continued)****B. Investments**

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

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
  - 2) Government money market mutual funds.
  - 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
  - 4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
  - 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
  - 6) Municipal investment pools.
  - 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281; or
  - 8) Agreements for the repurchase of fully collateralized securities, if:
    - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
    - (b) the custody of collateral is transferred to a third party;
    - (c) the maturity of the agreement is not more than 30 days;
    - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
    - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at December 31, 2017.

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

**C. Cash Management Plan**

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

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

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

**D. Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance December 31, 2017</u>
Insured:	
FDIC	\$ 250,000.00
GUDPA	<u>8,136,659.52</u>
	<u>\$ 8,386,659.52</u>

**Custodial Credit Risk – Deposits**

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

State law limits investments as noted above.

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

**NOTE 3: Debt**

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

**Long-Term Debt****General Capital Fund Bonds**

Variable Rate General Improvement Bonds (2% to 4%) Issued July 1, 2011 through July 1, 2027	\$ 1,560,000.00
2% to 3% General Improvement Bonds Issued February 15, 2015 through February 15, 2030	<u>1,859,000.00</u>
	<u>\$ 3,419,000.00</u>

**Sewer Utility Fund**

U.S.D.A. Loan Interest Rate 4.75% Issued July 17, 2002 Through July 17, 2043	<u>\$ 1,649,376.23</u>
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The debt principal and interest requirements for the long term debt during the next five fiscal years are as follows:

**Green Acres Loans**

<b><u>Year Ending December 31</u></b>	<b><u>General Capital Fund</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 95,480.34	20,983.34
2019	89,161.47	19,091.81
2020	88,231.37	17,326.58
2021	90,004.82	15,553.15
2022	91,813.92	13,744.04
Remaining	<u>618,227.52</u>	<u>54,787.96</u>
	<u>\$ 1,072,919.44</u>	<u>141,486.88</u>

**NOTE 3: Debt (Continued)****2014 General Improvements**

<b><u>Year Ending December 31</u></b>	<b><u>General Capital Fund</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 255,000.00	103,720.00
2019	265,000.00	97,120.00
2020	265,000.00	89,420.00
2021	275,000.00	81,620.00
2022	285,000.00	73,620.00
2023-2027	1,485,000.00	221,300.00
2028-2030	<u>589,000.00</u>	<u>26,625.00</u>
	<b><u>\$ 3,419,000.00</u></b>	<b><u>693,425.00</u></b>

<b><u>Year Ending December 31</u></b>	<b><u>N.J. Environmental Infrastructure Loan</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 34,041.09	2,887.50
2019	33,387.39	2,493.76
2020	<u>40,825.19</u>	<u>2,127.99</u>
	<b><u>\$ 108,253.67</u></b>	<b><u>7,509.25</u></b>

<b><u>Year Ending December 31</u></b>	<b><u>Sewer Utility Fund – U.S.D.A. Loan</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 35,499.21	77,894.79
2019	37,205.45	76,188.55
2020	38,993.70	74,400.30
2021	40,867.89	72,526.11
2022	42,832.17	70,561.83
2023-2027	247,092.88	319,877.12
2028-2032	313,178.90	254,506.46
2033-2037	395,128.65	171,841.35
2038-2042	<u>498,577.38</u>	<u>67,306.47</u>
	<b><u>\$ 1,649,376.23</u></b>	<b><u>1,185,102.98</u></b>

**NOTE 4: Accrued Sick and Vacation Benefits**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough has a potential liability of \$764,721.55 at December 31, 2017. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 5: Fund Balances Appropriated**

The fund balance at December 31, 2017 which was appropriated and included as anticipated revenue in the year ending December 31, 2018 as follows:

Current Fund:	
Fund Balance	\$ 740,000.00
Sewer Utility Fund Balance	325,000.00

**NOTE 6: Assessment and Collections of Property Taxes**

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

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

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

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

**NOTE 8: Pensions****A. Plan Description**

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

**NOTE 8: Pensions (Continued)****A. Plan Description (Continued)**

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

As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5.5% of their annual covered salary. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement Systems are required to contribute 10% of their annual covered salary. Contributions during the last three years for the plans are as follows from the Borough.

	<u>PERS</u>	<u>PFRS</u>
2017	\$ 168,492	281,724
2016	159,001	246,614
2015	155,167	259,086

**NOTE 9: Pension Obligations****A. Public Employee's Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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



**NOTE 9: Pension Obligations (Continued)**

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

**Contributions** – The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount which includes the employer’s portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State’s pension contribution was less than the actuarial determined amount. The local employer’s contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$168,492 for 2017.

**Components of Net Pension Liability** – At December 31, 2017, the Borough reported a liability of \$4,639,582 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The Borough’s proportion of the net pension liability was based on the Borough’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2017. The Borough’s proportion measured as of June 30, 2017, was .01993%, which was an increase of .00293% from its proportion measured as of June 30, 2016.

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Actuarial Valuation Date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 4,639,582	5,034,727
District’s Portion of the Plan’s Total Net Pension Liability	0.01993%	0.01700%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$184,638.

**NOTE 9: Pension Obligations (Continued)**

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

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Interest Rate	7.00%
Salary Scale	2014-2026 – 1.65-4.15% Based on Age Thereafter – 2.65-5.15% Based on Age
Inflation Rate	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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 former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**NOTE 9: Pension Obligations (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>Decrease (4.00%)</u>	<u>Discount Rate (5.00%)</u>	<u>Increase (6.00%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 5,755,716	4,639,582	3,709,704

**NOTE 9: Pension Obligations (Continued)****B. Police and Fireman's Retirement System (PFRS)**

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

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

**Contributions** – The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer's portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017 and 2016, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions for PFRS amounted to \$281,724 in 2017.

**NOTE 9: Pension Obligations (Continued)**

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employers contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employers.

**Components of Net Pension Liability** – At December 31, 2017, the Borough reported a liability of \$5,653,006 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of December 31, 2017, was .03293%, which was an increase of .00245% from its proportion measured as of December 31, 2016.

**Collective Balances at December 31, 2017 and December 31, 2016**

	<u>Dec. 31, 2017</u> July 1, 2017	<u>Dec. 31, 2016</u> July 1, 2016
Actuarial Valuation Date		
Net Pension Liability	\$ 5,653,006	6,311,918
District's Portion of the Plan's Total Net Pension Liability	0.03293%	0.03048%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$324,070.

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

	<u>PFRS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Interest Rate	7.00%
Salary Scale	Through 2026 – 2.10-8.98% Based on Age Thereafter – 3.10-9.98% Based on Age
Inflation Rate	2.25%

**NOTE 9: Pension Obligations (Continued)**

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 three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement 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 three years using the plan actuary's modified 2014 projection scales and 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.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NOTE 9: Pension Obligations (Continued)****Discount Rate**

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.14%) or 1 percentage point higher (7.14%) than the current rate:

	<u>Decrease (5.14%)</u>	<u>Discount Rate (6.14%)</u>	<u>Increase (7.14%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 7,448,301	5,653,006	4,177,967

**C. Defined Contributions Retirement Program**

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

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

As of December 31, 2017, the Borough did not have any employees participating in the Defined Contribution Retirement Program.

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

**NOTE 10: Sewer Utility**

The Borough in fiscal year 2002, established a self liquidating sewer utility fund. This was an agreement with the federal government to fund the rehabilitation of the Borough's sewer system.

**NOTE 11: Interfunds Receivable and Payable**

The following interfund balances remained on the balance sheet at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 60,452.67	889,205.47
Trust - Other	200,686.56	
Trust - Dog		33,713.53
General Capital	262,729.36	
Grant Fund	428,789.55	
Sewer - Operating		184,739.14
Sewer - Capital	<u>170,000.00</u>	<u>15,000.00</u>
Total	<u>\$ 1,122,658.14</u>	<u>1,122,658.14</u>

**NOTE 12: Length of Service Award Program**

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

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

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

The Borough's estimated contribution for the year ended December 31, 2018 is \$41,000.00. We did review the plan for the year ended December 31, 2017 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the Annual audit of the Borough's financial statements.

At December 31, 2017, the value of the plan is \$447,092.07.



**NOTE 13: Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years.

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amount</u> <u>Resulting</u> <u>From 2017</u>	<u>2017</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Current Fund:				
Emergency Appropriation	\$ 60,000.00		60,000.00	
Dog Trust:				
Deficit in Dog Fund	<u>3,586.08</u>	<u>3,623.61</u>	<u>3,586.08</u>	<u>3,623.61</u>
Total	<u>\$ 63,586.08</u>	<u>3,623.61</u>	<u>63,586.08</u>	<u>3,623.61</u>

**NOTE 14: Contingencies**

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

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

**NOTE 15: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2017. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after December 31, 2017 through June 15, 2018.

**NOTE 16: Hurricane Sandy**

On October 29, 2012 Hurricane Sandy struck the New Jersey coast and caused extensive damage to the Borough of Union Beach. The Borough authorized a \$3,000,000.00 emergency in 2012 and a \$3,500,000.00 emergency in 2013 to its budget named "Hurricane Sandy" and spent \$2,572,170.85 in total through December 31, 2017. These expenditures have been audited in detail.

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

**PART II**

**SUPPLEMENTARY DATA**

**FOR THE YEAE ENDED DECEMBER 31, 2017**

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
2017	\$ 15,148,793.62	14,839,479.16	97.95%
2016	14,407,109.04	13,837,293.17	97.43%
2015	13,814,437.55	13,476,372.02	97.55%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Year Ended</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 5,045.20	308,189.68	313,234.88	0.00%
2016	3,920.42	364,778.33	368,698.75	2.55%
2015	411.39	308,839.92	309,251.31	2.24%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2017	\$ 2,191,000.00
2016	2,191,000.00
2015	2,191,000.00

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

Cash Receipts Form Fees, Rents or Other Charges for the Year		\$ 1,425,153.61
Deductions:		
Operating and Maintenance Cost	\$ 928,000.00	
Debt Service Per Water-Sewer Account	173,400.00	
Total Deductions		<u>1,101,400.00</u>
Excess in Revenues		<u>\$ 323,753.61</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties were acquired in 2017 by foreclosure as a result of liquidation tax title liens.

**COMPARISON OF SEWER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2017	\$ 1,383,976.38	1,408,687.73
2016	1,360,427.04	1,349,715.67
2015	1,235,193.57	1,290,324.10

**COMPARATIVE SCHEDULE OF FUND BALANCES****Current Fund**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2017	\$ 1,419,883.99	740,000.00
2016	1,054,427.35	650,000.00
2015	782,702.83	631,000.00

**Water-Sewer Fund**

<u>Year</u>		
2017	\$ 1,095,981.39	None
2016	1,156,116.82	None
2015	1,234,318.21	None

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH****LIST OF OFFICIALS AND SURETY BOND COVERAGE****DECEMBER 31, 2017**

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Paul J. Smith, Jr.	Mayor	
Albin J. Wicki	Councilman - President	
Louis Andreuzzi	Councilman	
Charles W. Cocuzza	Councilman	
Cherlanne Roche	Councilwoman	
Anthony Cavallo	Councilman	
Albert Lewandowski	Councilman	
Anne Marie Friscia	Borough Clerk	
Robert M Howard Jr.	Administrator	
Desiree Durkin	Tax Collector	\$ 1,000,000.00
Joseph Faccione	Chief Financial Officer	1,000,000.00
Michael Pugliese	Municipal Court Judge	50,000.00
Sharon Devaney	Municipal Court Administrator	50,000.00
Edward G. Broberg	Engineer	
John T. Lane, Jr.	Attorney	

All surety bonds are in accordance with state statutes.

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 358,095.16
Increased by:			
Tax Collector	A-5	14,531,946.26	
Borough Clerk	A-6	727.93	
State of New Jersey Veterans and Senior Citizens	A-8	48,198.62	
Revenue Accounts Receivable	A-15	2,267,596.23	
Federal and State Grants Receivable	A-18	73,353.08	
Federal and State Grants Unappropriated	A-20	39,428.17	
Miscellaneous Revenue Not Anticipated	A-2	247,951.93	
State Construction Fees	A	17,173.00	
Marriage Licenses	A	900.00	
Interfunds:			
Capital	A	312,649.18	
Grant fund	A	51,004.57	
SUI	B	26,733.39	
		<u>17,617,662.36</u>	
			<u>17,975,757.52</u>
Decreased by:			
Budget Appropriations	A-3	8,814,065.53	
Federal and State Grants	A-19	112,781.25	
Local District School Taxes	A-13	6,499,986.49	
County Taxes Payable	A-14	1,657,923.17	
State Construction Fees	A	16,747.00	
Marriage Licenses	A	300.00	
Various Reserves	A	90,312.55	
Interfunds:			
Sewer Operating	D	252,627.43	
Trust	B	26,784.55	
Capital	C	12,051.81	
Dog Trust	A	7,789.00	
		<u>17,378,587.53</u>	
			<u>17,387,587.53</u>
Balance December 31, 2017	A		<u>\$ 230,074.83</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-5

SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 3,152,151.07
Increased by:			
2017 Taxes Receivable	A-7	\$ 14,544,870.96	
2016 Taxes Receivable	A-7	360,188.76	
Interest Earned	A-2	6,033.90	
Tax Sale Penalty	A-2	3,117.17	
Prepaid Taxes	A	218,998.75	
Interest and Costs on Taxes	A-15	49,638.62	
Advertising Fees	A-2	20,766.26	
Miscellaneous	A-4	13,968.00	
Duplicate Bills	A-5	<u>865.00</u>	
			<u>15,218,447.42</u>
			18,370,598.49
Decreased by:			
Paid to Treasurer	A-4		<u>14,531,946.26</u>
Balance December 31, 2017	A		<u>\$ 3,838,652.23</u>

CURRENT FUND

Exhibit A-6

SCHEDULE OF CASH - BOROUGH CLERK

Balance December 31, 2016	<u>Ref.</u> A		\$ 0.15
Increased by:			
Receipts			<u>11,801.75</u>
			11,801.90
Decreased by:			
Polling Places		11,073.85	
Payments to Treasurer	A-4	<u>727.93</u>	
			<u>11,801.78</u>
Balance December 31, 2017	A		<u>\$ 0.12</u>



CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2016	Tax Levy	Cash		Veterans and Senior Citizens Deductions	Transferred To Liens	Balance Dec. 31, 2017
			2016	2017			
Prior Years 2017	\$ 364,778.33	15,148,793.62	78,016.24	364,778.33	46,748.62	1,124.78	308,189.68
	\$ 364,778.33	15,148,793.62	78,016.24	15,079,492.63	46,748.62	1,124.78	308,189.68
Ref.	A		A	A-4,5	A-8	A	A

Analysis of Property Tax Levy

General Year Tax Levy	\$ 14,771,549.00
Added and Omitted Taxes	377,244.62
	<u>\$ 15,148,793.62</u>

Tax Levy

Local District School Tax	A-14	\$ 6,563,698.00
General County Tax		1,418,423.53
County Library Tax		99,384.32
County Health Tax		28,614.05
Open Space Preservation		83,323.14
Added Taxes Due County	A-15	33,802.60
		<u>1,663,547.64</u>
Amount to be Raised in Support of Municipal Budget	A-2	6,631,297.30
Added Taxes		290,250.68
		<u>6,921,547.98</u>
		<u>\$ 15,148,793.62</u>

CURRENT FUND

Exhibit A-8

SCHEDULE OF SENIOR CITIZEN AND VETERANS

DEDUCTIONS DUE FROM STATE OF NEW JERSEY

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 37,670.03
Increased by:			
Veterans Per Tax Billings		42,550.00	
Senior Citizens Per Tax Billings		10,500.00	
Senior Citizens Allowed by Tax Collector		250.00	
Senior Citizens Disallowed by Tax Collector		<u>(6,551.38)</u>	
	A-7		46,748.62
			<u>84,418.65</u>
Decreased by:			
Received from State	A-4		<u>48,198.62</u>
Balance December 31, 2017	A		<u><u>\$ 36,220.03</u></u>

SCHEDULE OF DEMOLITION LIENS

Exhibit A-9

	<u>Ref.</u>		
Balance December 31, 2017 and 2016	A		<u><u>\$ 14,508.12</u></u>

SCHEDULE OF TAX TITLE LIENS

Exhibit A-10

	<u>Ref.</u>		
Balance December 31, 2016			\$ 3,920.42
Transferred from Property Taxes:			
2017 Tax Year	A-7		<u>1,124.78</u>
Balnce December 31, 2017	A		<u><u>\$ 5,045.20</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF RESERVE FOR INSURANCE CLAIMS

Balance December 31, 2016	<u>Ref.</u> A	\$ 405,863.49
Decreased by:		
Disbursed	A-4	<u>50,645.90</u>
Balance December 31, 2017	4	<u><u>\$ 355,217.59</u></u>

SCHEDULE OF FORECLOSED PROPERTY

Exhibit A-12

Balance December 31, 2016 and 2017	<u>Ref.</u> A	<u><u>\$ 2,191,000.00</u></u>
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BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-13

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES

	<u>Ref.</u>	
Balance December 31, 2016	A	
Prepaid School Tax		\$ (63,711.51)
Levy School Year:		
January 1, 2017 to Dec. 31, 2017	A-1	<u>6,563,698.00</u>
		6,499,986.49
Decreased by:		
Paid	A-4	<u><u>\$ 6,499,986.49</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

Exhibit A-14

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 28,178.13
County Tax Levy:			
General County		\$ 1,418,423.53	
County Library		99,384.32	
County Health		28,614.05	
County Open Space Preservation		83,323.14	
Due County for Added Taxes		<u>33,802.60</u>	
	A-1		<u>1,663,547.64</u>
			1,691,725.77
Decreased by:			
Paid	A-4		<u>1,657,923.17</u>
Balance Due December 31, 2017	A		<u><u>\$ 33,802.60</u></u>



BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2016	<u>Ref.</u> A		\$ 289,364.92
Decreased by:			
Disbursed	A-4	\$ 84,655.76	
Balance Lapsed	A-1	<u>204,709.16</u>	
			<u>\$ 289,364.92</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-17

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance December 31, 2016 and 2017	<u>Ref.</u> A	<u>\$ 545,033.49</u>
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Exhibit A-18

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance Dec. 31, 2016</u>	<u>Budget Revenue Realized</u>	<u>Received</u>	<u>Adjustment/ Canceled</u>	<u>Balance Dec. 31, 2017</u>
Distracted Driver	\$ -	5,500.00	5,500.00		5,500.00
Bayshore Saturation Patrol-DWI	30.00				30.00
DOT - Scholar Park Phase II	-			2,192.61	2,192.61
DCA Zoning Grant-Phase 1 I	12,879.26				12,879.26
DCA Zoning Grant-Phase I	8,386.66				8,386.66
Cops in Shops	-	1,800.00			1,800.00
Post Sandy Planning Grant	62,679.52				62,679.52
Post Sandy Planning Grant-Phase 111		20,000.00	20,000.00		
Post Sandy Planning Grant Phase IV		50,000.00	50,000.00		
DOT - Flat Creek Dredging	6,828.27				6,828.27
Legislative OEM Grant	1,485.74				1,485.74
	<u>\$ 92,289.45</u>	<u>77,300.00</u>	<u>70,000.00</u>	<u>2,192.61</u>	<u>101,782.06</u>

Ref. A A-3 A-4 A-19 A



**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

Exhibit A-19

**FEDERAL AND STATE GRANT FUND**

**SCHEDULE OF APPROPRIATION RESERVES**

<u>Grant</u>	<u>Balance</u>	<u>Transfer</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance</u>
	<u>Dec. 31, 2016</u>	<u>From</u> <u>Budget</u>			
Clean Communities	\$ 42,811.39	14,496.21	13,613.54		43,694.06
Click it or Ticket		5,000.00	320.00		4,680.00
Police Body Armor	5,100.16	1,702.98	-		6,803.14
Federal Beachfront Grant	303,399.75	-	-		303,399.75
Alcohol Education and Rehabilitation	1,874.29	1,050.00			2,924.29
Recycling Tonnage	17,413.23	-	17,413.23		-
Jewish Foundation of New Jersey	10,000.00			7,844.32	2,155.68
Drunk Driving Enforcement Fund	5,402.32	6,425.23	727.91		11,099.64
Post Sandy Planning Grant	270.12				270.12
DCA Zoning Grant-Phase I	83.07			83.07	-
DCA Zoning Grant-Phase II	2,547.23			2,547.23	-
Drive Sober or Get Pulled Over		10,500.00	10,500.00		
Driving While Intoxicated		2,200.00			2,200.00
Rotary Foundation District 7500	31,780.00				31,780.00
Monmouth County Workforce Development	499.69			499.69	-
Bayshore Saturation - Beach Patrol	-	21,750.00	8,250.00		13,500.00
DWI - Court Sessions	-	1,269.06	860.00		409.06
Cops in Shops	-	1,800.00	1,800.00		-
Post Sandy Planning Grant-Phase III		20,000.00	473.74		19,526.26
Post Sandy Planning Grant-Phase IV	-	50,000.00	1,298.56		48,701.44
Distracted Driver	-	5,500.00	5,500.00		-
	<u>\$ 421,181.25</u>	<u>141,693.48</u>	<u>60,756.98</u>	<u>10,974.31</u>	<u>491,143.44</u>

Ref.

A

A-18

A-4

A-18

A

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit A-20

FEDERAL AND STATE GRANT FUND

SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2016	Transferred To Budget Appropriations	Received	Balance Dec. 31, 2017
Police Body Armor	\$ 1,702.98	1,702.98	2,159.83	2,159.83
DWI	2,200.00	2,200.00	-	-
Saturation Patrol	10,750.00	10,750.00	-	-
DWI Court Sessions	1,269.06	1,269.06	-	-
Recycling Tonnage			8,419.04	8,419.04
Alcohol Education and Rehabilitation	1,050.00	1,050.00	3,474.35	3,474.35
Drive Sober or Get Pulled Over	5,000.00	5,000.00	5,000.00	5,000.00
Driving While Intoxicated	6,425.23	6,425.23	8,059.51	8,059.51
Click it or Ticket	5,000.00	5,000.00	-	-
Clean Communities	14,496.21	14,496.21	12,315.44	12,315.44
	<u>\$ 47,893.48</u>	<u>47,893.48</u>	<u>39,428.17</u>	<u>39,428.17</u>
Ref.	A	A-18	A-4	A

CURRENT FUND

Exhibit A-21

SCHEDULE OF DUE TO/FROM DOG TRUST FUND

	<u>Ref.</u>	
Balance December 31, 2016 Due From	A	\$ 25,926.53
Increased by:		
Disbursements Made in Current Fund	A-4	<u>11,387.00</u>
		37,313.53
Decreased by:		
Deferred Charges	A-3	<u>3,600.00</u>
Balance December 31, 2017 Due From	A	<u><u>\$ 33,713.53</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>State Unemployment Insurance</u>	<u>Dog Fund</u>	<u>Payroll Account</u>	<u>Trust Other</u>	<u>Total</u>
Balance December 31, 2016	B	\$ 3,352.03	22,377.05	44,911.78	719,012.85	789,653.71
Increased by Receipts:						
Dog Licenses Fees	B, B-2		10,124.80			10,124.80
Interest			44.24			49.28
Payroll/Agency	B			11,871.99		11,871.99
Current Fund	A				26,784.55	26,784.55
Tax Title Liens	B-6				460,314.72	460,314.72
Performance Escrow	B-5				32,531.20	32,531.20
National Night Out	B-8				0.12	0.12
Various Reserves	B-12	5.04			10,530.33	10,530.33
Law Enforcement	B-9				841.45	841.45
Special Duty Police	B-10				202,112.50	202,112.50
Disaster Relief Fund	B-11				52.57	52.57
Tax Premium	B-7				696,679.00	696,679.00
Total Receipts		5.04	10,169.04	11,871.99	1,429,846.44	1,451,892.51
Total Receipts and Balances		3,357.07	32,546.09	56,783.77	2,148,859.29	2,241,546.22
Decreased by Disbursements:						
Dog Licenses Fees	B		1,554.03			1,554.03
Performance Escrow	B-5				152,873.83	152,873.83
Tax Title Lien	B-6				468,042.62	468,042.62
Current Fund	A				43.14	43.14
Various Reserves	B-12				12,616.21	12,616.21
Special Duty Police	B-10				195,274.30	195,274.30
Disaster Relief Fund	B-11				35,072.92	35,072.92
Tax Premium	B-7				769,884.54	769,884.54
Total Disbursements		-	1,597.17	-	1,633,764.42	1,635,361.59
Balance December 31, 2017	B	\$ 3,357.07	30,948.92	56,783.77	515,094.87	606,184.63

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-2

TRUST FUNDSCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ (3,586.08)
Increased by:		
Deferred Charge - 2017 Budget	A-3	<u>3,600.00</u>
		13.92
Decreased by:		
Expenditures Made in Current	B-3	<u>3,637.53</u>
Balance December 31, 2017	B	<u><u>\$ (3,623.61)</u></u>

SCHEDULE OF INTERFUND - CURRENT

Exhibit B-3

DOG TRUST

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 25,926.53
Increased by:		
Expenditures Made in Current	A	<u>11,387.00</u>
		37,313.53
Decreased by:		
Turned Over to Current	B-2	<u>3,600.00</u>
Balance December 31, 2017	B	<u><u>\$ 33,713.53</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-4

SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 1,982.24
Increased by:			
Interest	B-1	\$ 5.04	
2017 Sewer Budget		1,000.00	
2017 Current Budget	A-3	<u>35,000.00</u>	
			<u>36,005.04</u>
			37,987.28
Decreased by:			
Payments Made in Current Fund	B		<u>4,896.82</u>
Balance December 31, 2017	B		<u>\$ 33,090.46</u>

SCHEDULE OF RESERVE FOR PERFORMANCE ESCROW

Exhibit B-5

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 201,454.62
Increased by:			
Receipts	B-1		<u>32,531.20</u>
			233,985.82
Decreased by:			
Disbursements	B-1		<u>152,873.83</u>
Balance December 31, 2017	B		<u>\$ 81,111.99</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-6

SCHEDULE OF RESERVE FOR TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 17,671.62
Increased by:		
Receipts	B-1	460,314.72
		<u>477,986.34</u>
Decreased by:		
Disbursements	B-1	468,042.62
		<u>468,042.62</u>
Balance December 31, 2017	B	<u>\$ 9,943.72</u>

SCHEDULE OF RESERVE FOR TAX SALE PREMIUM

Exhibit B-7

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 363,638.52
Increased by:		
Receipts	B-1	696,679.00
		<u>1,060,317.52</u>
Decreased by:		
Disbursements	B-1	769,884.54
		<u>769,884.54</u>
Balance December 31, 2017	B	<u>\$ 290,432.98</u>

SCHEDULE OF RESERVE FOR NATIONAL NIGHT OUT

Exhibit B-8

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 48.20
Increased by:		
Receipts	B-1	0.12
		<u>0.12</u>
Balance December 31, 2017	B	<u>\$ 48.32</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit B-9

SCHEDULE OF RESERVE

FOR LAW ENFORCEMENT TRUST

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 2,304.00
Increased by:		
Receipts	B-1	<u>841.45</u>
Balance December 31, 2017	B	<u><u>\$ 3,145.45</u></u>

SCHEDULE OF SPECIAL DUTY POLICE

Exhibit B-10

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 86,690.48
Increased by:		
Receipts	B-1	<u>202,112.50</u>
		288,802.98
Decreased by:		
Disbursements	B-1	<u>195,274.30</u>
Balance December 31, 2017	B	<u><u>\$ 93,528.68</u></u>

SCHEDULE OF DISASTER RELIEF FUND

Exhibit B-11

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 35,020.35
Increased by:		
Receipts	B-1	<u>52.57</u>
		35,072.92
Decreased by:		
Disbursed	B-1	<u><u>\$ 35,072.92</u></u>



BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

SCHEDULE OF RESERVE FOR VARIOUS RESERVES

	<u>Ref.</u>	<u>Fire Safety</u>	<u>Public Defender</u>	<u>POAA</u>	<u>Police Forfeitures</u>	<u>Union Beach Day</u>	<u>Abandoned Homes</u>	<u>Police Dares</u>	<u>Snow Removal</u>	<u>Total</u>
Balance December 31, 2016	B	\$ 19,030.99	20,343.50	1,132.00	1,048.64	11,313.15	144,163.29	687.50	12,203.71	209,922.78
Increased by:										
Receipts	B, B-1	1,158.95	1,900.50	112.00	194.68	6,362.58		801.62		10,530.33
		20,189.94	22,244.00	1,244.00	1,243.32	17,675.73	144,163.29	1,489.12	12,203.71	220,453.11
Decreased By:										
Disbursements	B, B-1	1,137.81				6,422.00	4,359.00	400.00	297.40	12,616.21
Balance December 31, 2017	B	\$ 19,052.13	22,244.00	1,244.00	1,243.32	11,253.73	139,804.29	1,089.12	11,906.31	207,836.90

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH

Exhibit C-2

	<u>Ref.</u>		
Balance December 31, 2016	C		\$ 736,188.35
Increased by:			
Premium on Note Sale	C-3	\$ 46,970.46	
FEMA	C-3	807,235.17	
Interfund Capital	C-3	12,051.81	
Grants Receivable	C-9	157,500.00	
Capital Improvement Fund	C-3	202,000.00	
Bond Anticipation Notes	C-5	<u>581,300.00</u>	
			<u>1,807,057.44</u>
			2,543,245.79
Decreased by:			
Cash Held to Pay Notes	C-3	200,000.00	
Reserve For FEMA	C-3	470,138.32	
Improvement Authorizations	C-6	<u>1,134,999.09</u>	
			<u>1,805,137.41</u>
Balance December 31, 2017	C		<u>\$ 738,108.38</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	Balance Dec. 31, 2016	Receipts	Disbursements	Transfers	Balance Dec. 31, 2017
				From To	
Fund Balance	\$ 73,651.08	46,970.26			120,621.34
Capital Improvement Fund	1,248.70	202,000.00		200,700.00	2,548.70
Department of Transportation #635	(19,441.58)				(19,441.58)
Department of Transportation 2008-117	(40,000.00)				(40,000.00)
Open Spaces	(25,000.00)				(25,000.00)
Department of Transportation 2016-230	(40,000.00)				(40,000.00)
Department of Transportation 2017-248		157,500.00		210,000.00	(52,500.00)
Other	100,000.30				100,000.30
Open Space Grant-Monmouth County	(75,000.00)				(75,000.00)
Open Space-2015-221	(50,000.00)				(50,000.00)
Open Space-2017-248			200,000.00		(66,000.00)
Cash on Hand to Pay Notes	500,000.00				500,000.00
Reserve for Debt Service	19,011.76				19,011.76
Interfund Current	(274,781.17)	12,051.81			(262,729.36)
Other	(0.30)				(0.30)
Reserve for FEMA	680,434.84	807,235.17	470,138.32		1,017,531.69
Green Acres - Front Street	(6,333.25)				(6,333.25)
Improvement Authorizations:					
805 Various Improvements	4,023.80				4,023.80
823 Various Improvements	36.78				36.78
2003-22 Various Improvements	620.35				620.35
2004-37 Various Improvements	10,545.70				10,545.70
Department of Transportation	(63,750.00)				(63,750.00)
2005-58 A-D Various Improvements	(800.00)				(800.00)
2006-77 Various Improvements	(750.00)				(750.00)
CDBG Grant	(142,000.00)				(142,000.00)
2009-135 Various Improvements	17,013.03				17,013.03
2010-154 Various Improvements	210.00				210.00
2012-190 Various Improvements	81,722.28				81,722.28
2015-221A Scholer Park	(99,453.42)				(99,453.42)
2015-221B West Street	4,837.92				4,837.92
2015-221C Isabelle Ave	25.54				25.54
2015-221D Central Ave	923.14				923.14
2016-230A Scholer Park-Phase VI	8,300.00		8,300.00		-
2016-230B Johnson Ave	150.55				150.55
2016-230C 10th Street	38,404.22		38,404.22		-
2016-230D Branch Street	21,503.11		21,503.11		-
2016-230E Arlington Ave	1,244.08		1,244.08		-
2016-230F Scott Air Packs	222.10				222.10
2016-238 Scholer Park Hockey Rink	9,368.79				9,368.79
2017-248 Harrison Ave		73,100.00	271,839.35	213,900.00	15,160.65
2017-248 Bayview & Ocean		247,000.00	254,881.57	13,000.00	5,118.43
2017-248 Park-Columbia & Union		176,700.00	184,448.91	9,300.00	1,551.09
2017-248 Scholer Park Phase VII		84,500.00	154,753.49	70,500.00	246.51
2017-252 Addition to Municipal Building			199,624.36	170,000.00	(29,624.36)
	\$ 736,188.35	1,807,057.44	1,805,137.41	476,700.00	738,108.38
Ref.	C	C-2	C-2	C-2	C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-4

GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Authorized 2017</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
2002-02	Various Improvements	\$ 450.00			450.00
2004-37	Various Improvements	750.00			750.00
2005-58	Various Improvements	800.00			800.00
2008-117	Various Improvements	2,250.00			2,250.00
2009-135	Various Improvements	266,500.00		10,100.00	256,400.00
2009-135	Various Improvements	182,620.00		7,515.00	175,105.00
2011-175	Various Improvements	261,094.00		9,200.00	251,894.00
2012-185	Various Improvements	467,425.00		227,600.00	239,825.00
2012-190	Various Improvements	102,246.00		7,004.00	95,242.00
2013-194	Heckleman Street	11,482.00		11,482.00	-
2013-194	Shore Protection	91,561.00		9,157.00	82,404.00
2013-194	Scholer Park-Phase IV	150,100.00		15,100.00	135,000.00
2013-195	Scholer Park	209,000.00		20,900.00	188,100.00
2013-195	Shore Front	1,140,000.00		37,818.00	1,102,182.00
2014-203	7th Street	261,250.00		23,900.00	237,350.00
2014-203	Harrison and Orange Streets	419,900.00		41,000.00	378,900.00
2014-203	Spruce Street	249,300.00		24,000.00	225,300.00
2015-221	Reconstruction of Streets	726,750.00			726,750.00
2016-230	Various Improvements	1,109,082.00			1,109,082.00
2017-248	Various Improvements		581,300.00		581,300.00
2017-252	Various Improvements		3,230,000.00		3,230,000.00
		<u>\$ 5,652,560.00</u>	<u>3,811,300.00</u>	<u>444,776.00</u>	<u>9,019,084.00</u>

Ref.

C

C-6

C-3

C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-5

SCHEDULE OF BOND ANTICIPATION NOTES

	Original Amount Issued	Original Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Issued	Paid	Balance Dec. 31, 2017
Various Improvements	\$ 529,150.00	7/11/08	2/27/18	2.50%	\$ 447,550.00		213,600.00	233,950.00
Various Improvements	330,600.00	7/10/09	2/27/18	2.50%	280,100.00		10,100.00	270,000.00
Various Improvements	238,450.00	7/9/10	2/27/18	2.50%	208,390.00		7,515.00	200,875.00
Various Improvements	294,524.00	11/3/11	2/27/18	2.50%	276,124.00		9,200.00	266,924.00
Various Improvements	495,425.00	6/29/12	2/27/18	2.50%	467,425.00		14,000.00	453,425.00
Various Improvements	109,250.00	3/8/13	2/27/18	2.50%	102,246.00		7,004.00	95,242.00
Various Improvements	1,349,000.00	6/13/13	2/27/18	2.50%	1,302,482.00		312,939.00	989,543.00
Various Improvements	312,600.00	6/13/13	2/27/18	2.50%	299,661.00		46,518.00	253,143.00
Various Improvements	930,450.00	12/31/14	2/27/18	2.50%	930,450.00		23,900.00	906,550.00
Various Improvements	767,750.00	11/12/15	11/6/18	2.00%	726,750.00			726,750.00
Various Improvements	1,109,182.00	1/9/16	11/9/18	2.00%	1,109,082.00			1,109,082.00
Various Improvements	581,300.00	11/7/17	11/6/18	2.00%		581,300.00		581,300.00
					<u>\$ 6,150,260.00</u>	<u>581,300.00</u>	<u>644,776.00</u>	<u>6,086,784.00</u>
				<u>Ref.</u>	C	C-12	C-4	C
Bond Anticipation Notes								\$ 6,086,784.00
Less Cash Held to Pay Notes								<u>300,000.00</u>
								<u>\$ 5,786,784.00</u>





BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2016	<u>Ref.</u> C	\$ 1,248.70
Increased by:		
2017 Appropriations	C-11	<u>202,000.00</u>
		203,248.70
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	<u>-200,700.00</u>
Balance December 31, 2017	C	<u>\$ 2,548.70</u>



BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GRANTS RECEIVABLE

Ref.	Ord. 2008-117 Department of Transportation	Ord. 635 Department of Transportation	Ord. 805 Green Acres	Ord. 2003-22 Department of Transportation	Ord. 2016-230 Department of Transportation	Ord. 2012-185 Open Spaces	Ord. 2013-194 CDBG	Ord. 2016-230 Open Spaces	Ord. 2017-248 Department of Transportation	Ord. 2015-21 Open Spaces	Ord. 2017-248 Open Spaces
Balance December 31, 2016	40,000.00	19,441.58	6,333.25	63,750.00	40,000.00	25,000.00	142,000.00	75,000.00	-	50,000.00	66,000.00
Adjustments: Added 2017	40,000.00	19,441.58	6,333.25	63,750.00	40,000.00	25,000.00	142,000.00	75,000.00	210,000.00	50,000.00	66,000.00
Receipts	40,000.00	19,441.58	6,333.25	63,750.00	40,000.00	25,000.00	142,000.00	75,000.00	157,500.00	50,000.00	66,000.00
Balance December 31, 2017	40,000.00	19,441.58	6,333.25	63,750.00	40,000.00	25,000.00	142,000.00	75,000.00	52,500.00	50,000.00	66,000.00

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-10

GENERAL CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Paid	Balance Dec. 31, 2017
		Date	Amount				
8/1/01	\$ 600,000.00	8/1/18	\$ 34,041.09	5.13%	\$ 142,928.45	34,674.78	108,253.67
		8/1/19	33,387.39	5.25%			
		8/1/20	40,825.19				
					<u>\$ 142,928.45</u>	<u>34,674.78</u>	<u>108,253.67</u>

Ref. C C

Budget Appropriation \$34,674.78  
A-3

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF INTERFUND - CURRENT FUND

	<u>Ref.</u>		
Balance December 31, 2016 - Due From	C		\$ 274,781.17
Increased by:			
Bond Anticipation Notes	C-6	\$ 581,300.00	
Note Premium	C-3	46,970.26	
Disaster Relief	C-3	46,939.89	
School District Shared Cost	C-3	35,783.00	
Overlay/Stoppage	C-3	33,000.00	
FEMA Receipts	C-3	807,235.17	
Grants	C-3	157,500.00	
Capital Improvement Fund	C-8	<u>202,000.00</u>	
			<u>1,910,728.32</u>
			2,185,509.49
Decreased by:			
Current Fund Anticipated Revenue	C-3	500,000.00	
Other Expenditures	C-6	1,420,860.10	
Interest Earned	C-3	<u>1,920.03</u>	
			<u>1,922,780.13</u>
Balance December 31, 2017 - Due From	C		<u>\$ 262,729.36</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-12

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Purpose</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance Dec. 31, 2017</u>
Various Improvements	2004-37	\$ 750.00			750.00
Various Improvements	2005-58	800.00			800.00
Various Improvements	2006-77	750.00			750.00
Various Improvements	2017-248		581,300.00	581,300.00	-
Various Improvements	2017-252		3,230,000.00		3,230,000.00
		\$ 2,300.00	3,811,300.00	581,300.00	3,232,300.00
Ref.		C	C-6	C-5	C

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit C-13

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN

Date of Issue	Original Amount	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Paid	Balance Dec. 31, 2017
		Date	Amount				
11/10/05	\$ 500,000.00	2/16/18 to 2/16/25	Various	2.00%	\$ 254,924.17	26,123.08	228,801.09
6/18/07	250,000.00	3/21/18 to 3/21/26	Various	2.00%	139,823.61	13,504.74	126,318.87
9/7/07	220,000.00	7/01/18 to 7/01/27	Various	2.00%	134,479.96	11,045.65	123,434.31
9/3/08	144,075.80	9/03/18 to 6/05/28	Various	2.00%	91,632.81	7,162.07	84,470.74
8/1/09	132,885.98	8/01/18 to 8/26/26	Various	2.00%	64,777.17	9,873.65	54,903.52
10/25/07	56,408.50	10/25/18 to 10/25/18	Various	2.00%	10,759.97	5,326.46	5,433.51
12/31/15	480,250.00	12/31/18 to 12/31/35	Various	2.00%	470,120.77	20,563.37	449,557.40
					\$ 1,166,518.46	93,599.02	1,072,919.44

Ref. C

C-11

C

**BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH**

**SEWER UTILITY FUND**

**Exhibit D-4**

**SCHEDULE OF CASH**

	<u>Ref.</u>		
Balance December 31, 2016	D		\$ 1,480,576.26
Increased by:			
Sewer Charges Receivable	D-2	\$ 1,408,687.73	
Sewer Overpayments	D	15.09	
Miscellaneous Revenue Not Anticipated	D-2	16,465.88	
Current Fund	D	<u>252,429.41</u>	
			<u>1,677,598.11</u>
			3,158,174.37
Decreased by:			
2017 Appropriations	D-3	1,100,093.34	
Accrued Interest	D-3	6,363.47	
Accounts Payable	D-7	43,756.41	
Prepaid Sewer Rents	D	8,460.61	
Payments to Current Fund	D	<u>325,000.00</u>	
			<u>1,475,213.22</u>
Balance December 31, 2017	D		<u><u>\$ 1,682,961.15</u></u>

**SCHEDULE OF RESERVE FOR AMORTIZATION**

**Exhibit D-5**

	<u>Ref.</u>		
Balance December 31, 2016	D		\$ 396,578.05
Increased by:			
Loans Paid by Budget	D-3	\$ 33,871.22	
Bond Anticipation Notes Paid	D-11	<u>56,000.00</u>	
			<u>89,871.22</u>
Balance December 31, 2017	D		<u><u>\$ 486,449.27</u></u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHSEWER UTILITY FUND

Exhibit D-6

SCHEDULE OF SEWER RENTS RECEIVABLE

Balance December 31, 2016	<u>Ref.</u> D		\$ 185,926.26
Increased by:			
Rents Levied			<u>1,383,976.38</u>
			1,569,902.64
Decreased by:			
Receipts - Sewer Account	D-2		<u>1,408,687.73</u>
Balance December 31, 2017	D		<u>\$ 161,214.91</u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-7

Balance December 31, 2016	<u>Ref.</u> D		\$ <u>98,704.96</u>
Decreased by:			
Accounts Payable	D	\$ 54,000.00	
Lapsed	D-1	<u>44,704.96</u>	
			<u>\$ 98,704.96</u>

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTHSEWER OPERATING UTILITY FUND

Exhibit D-8

SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2016 and 2017	D	<u>\$ 2,398,325.50</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-9

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 105,000.00
Increased by:		
Budget Appropriation	D-3	<u>50,000.00</u>
Balance December 31, 2017	D	<u>\$ 155,000.00</u>



BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-10

SEWER UTILITY FUND

SCHEDULE OF U.S.D.A. LOAN

<u>Description</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	
						<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>
Improvements to Sewer System	7/17/02	\$ 2,022,000.00	1/17/18	\$ 35,499.21	4.75%	\$ 1,683,247.45	
			1/17/19	37,205.45			
			1/17/20	38,993.70			
			1/17/21	40,867.89			
			1/17/22	42,832.17			
			1/17/23	44,890.90			
			1/17/24	47,048.50			
			1/17/25	49,309.84			
			1/17/26	51,679.87			
			1/17/27	54,163.81			
			1/17/28	56,767.10			
			1/17/29	59,495.60			
			1/17/30	62,355.20			
			1/17/31	65,352.25			
			1/17/32	68,493.30			
			1/17/33	71,785.41			
			1/17/34	75,235.72			
			1/17/35	78,851.84			
			1/17/36	82,641.79			
			1/17/37	86,613.89			
			1/17/38	90,776.90			
			1/17/39	95,140.01			
			1/17/40	99,712.82			
			1/17/41	104,505.42			
			1/17/42	108,442.23			
						<u>\$ 1,683,247.45</u>	
							<u>33,871.22</u>
							<u>1,649,376.23</u>

Ref. D D-3 D

BOROUGH OF UNION BEACH - COUNTY OF MONMOUTH

Exhibit D-11

SEWER UTILITY FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Description</u>	<u>Original</u>	<u>Date of</u>	<u>Interest</u>	<u>Balance</u>	<u>Paid By</u>	<u>Balance</u>
	<u>Amount</u>					
Various Capital Improvements	\$ 100,000.00	6/8/07	2.00%	\$ 48,500.00	48,500.00	-
Various Capital Improvements	285,000.00	11/3/12	2.00%	270,000.00	7,500.00	262,500.00
				\$ 318,500.00	56,000.00	262,500.00

Ref.

D

D-3

D

SEWER CAPITAL UTILITY FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ord. #</u>	<u>Description</u>	<u>2017 Authorization</u>	<u>Balance Dec. 31, 2017 Unfunded</u>
1017-253	Improvements to Sewer System	<u>\$ 600,000.00</u>	<u>600,000.00</u>
	Ref.	D	D

PUBLIC ASSISTANCE FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

PER N.J.S.A. 40A:5-5

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 9,551.23
Increased by:		
Interest		<u>14.36</u>
Balance December 31, 2017	E	<u>\$ 9,565.59</u>

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2017

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

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Union Beach  
County of Monmouth  
Union Beach, New Jersey 07735

We have audited the consolidated financial statements of the Borough of Union Beach (the "Borough"), as of and for the year ended December 31, 2017, and have issued our report thereon dated June 15, 2018. Our report disclosed that, as described in Note 1 to the regulatory basic financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with audit requirements prescribed by the Division.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's consolidated financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. We noted certain matters that we reported to management of the Borough in the comments and recommendations section of this report and in a separate letter dated June 15, 2018.

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

*Robert A. Hulsart and Company*  
Independent Auditors

June 15, 2018

**BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH**

**PART IV**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2017**



## GENERAL COMMENTS

### Scope of Audit

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

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

Cash on hand was counted and cash balances reconciled with independent certifications obtained directly from the depositories.

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

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to Section 3 of P.L. 1971, c.198 (c.40A:11-2), except by contract or agreement". The amount set forth pursuant to the above statute was \$12,800 effective July 1, 1999. Effective July 1, 2015, the public contracts law was amended to change to the bid threshold to \$ \$40,000.00 if there is a certified purchasing agent. Effective January 1, 2015 if there was no Qualified Purchasing Agent the bid threshold remained at \$17,500.00 and \$2,625.00 for quotes. The quote threshold was increased to \$6,000.00 with a certified purchasing agent.

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

There were miscellaneous purchases through state contracts.

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

A test of quotes for purchases in excess of \$6,000.00 was made with no exceptions noted.

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 or any materials or supplies, the results of such an accumulation would not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

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

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

The governing body on April 10, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes:

**NOW THEREFORE, BE IT RESOLVED**, by the Mayor and Council of the Borough of Union Beach that the RATE OF INTEREST to be CHARGED for the Non-Payment of Taxes or Assessments shall be EIGHT (8) PERCENT (%), per Annum on the first \$1,500.00 of delinquency and EIGHTEEN (18) PERCENT (%), per Annum on any amount in excess of \$1,500.00, to be calculated from the date the taxes are payable until the date of actual payment: and

**BE IT FURTHER RESOLVED**, the pursuant the N.J.S.A. 54:5-32 the maximum interest rate required for redemption of the Tax Sale Certificates shall be EIGHTEEN (18) PERCENT (%), per Annum; and

**BE IT FURTHER RESOLVED**, that pursuant to N.J.S.A. 54:5-34, the rate of interest for those Tax Sale Certificates for which there shall be no other purchaser and which are therefore struck off to the Borough of Union Beach, shall be 18% per Annum.

It is noted that a ten-day "grace period" is allowed in accordance with the provisions of the 1980 resolution.

On March 20, 1997 the governing body adopted a resolution authorizing the tax collector to charge 6% year end penalty on all properties with a delinquency in excess of \$10,000.00.

**Delinquent Taxes and Tax Title Liens**

A tax sale was held on March 23, 2017 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2017	1
2016	1
2015	1

**Foreclosed Property**

The foreclosed property is the total from exempt property, so marked, appearing in the tax duplicate.

**Follow-Up on Prior Year Findings**

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

None reported last year.

**RECOMMENDATIONS**

None

**Appreciation**

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

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