

Report of Audit

on the

Financial Statements
and Supplementary Schedules

of the

Borough of Beachwood

in the

County of Ocean
New Jersey

for the

Year Ended
December 31, 2017

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

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BOROUGH OF BEACHWOOD

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YEAR ENDED DECEMBER 31, 2017



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey 08722

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account groups of the Borough of Beachwood, as of December 31, 2017 and 2016, the related statements of operations and changes in fund balances - regulatory basis for the years then ended and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Beachwood on the basis of the financial reporting provisions prescribed by 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 New Jersey.

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

Adverse Opinion on 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 various individual funds and account groups of the Borough of Beachwood as of December 31, 2017 and 2016, or the results of its operations and changes in fund balances for the years then ended or the revenues or expenditures for the year ended December 31, 2017.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial activities of the Length of Service Award Program (LOSAP) are presented in the financial statements of the Borough's Trust Fund. These financial statements of the LOSAP have not been audited and were not required to be in accordance with the regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Borough has omitted disclosures required by Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The amount by which this disclosure would affect the financial position of the Borough is not reasonably determinable.

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Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, that might have been necessary had the LOSAP Fund Financial Statements been audited and the omission of the information on Postemployment Benefits, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account groups as of December 31, 2017 and 2016, the regulatory basis statements of operations and changes in fund balances for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Beachwood's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information listed above and also listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018 on our consideration of the Borough of Beachwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Beachwood's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 24, 2018



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

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

The Honorable Mayor and Members
of the Borough Council
Borough of Beachwood
County of Ocean
Beachwood, New Jersey 08722

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various individual funds and the account groups of the Borough of Beachwood, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 24, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Beachwood 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, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 24, 2018

CURRENT FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****Exhibit A****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	A-4	\$ 5,962,269.69	\$ 5,719,392.00
Cash - Change Fund		500.00	500.00
Cash - Petty Cash		600.00	600.00
Due from State of New Jersey: Chapter 20, P.L. 1971	A-6		3,462.84
		<u>5,963,369.69</u>	<u>5,723,954.84</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	367,727.33	455,547.67
Tax Title Liens Receivable	A-8	100,184.85	87,158.87
Property Acquired for Taxes		285,731.00	285,731.00
Revenue Accounts Receivable	A-9	10,263.90	7,596.52
Interfunds:			
Animal Control Trust Fund	A-14	90.40	88.40
Other Trust Fund	A-14	17,906.34	17,906.34
Payroll Fund	A-14	2,003.46	2,003.46
Refunds Receivable	A-1		591.26
		<u>783,907.28</u>	<u>856,623.52</u>
		<u>6,747,276.97</u>	<u>6,580,578.36</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-15	98,865.48	107,039.55
Grants Receivable	A-16	52,490.07	51,843.73
		<u>151,355.55</u>	<u>158,883.28</u>
		<u>\$ 6,898,632.52</u>	<u>\$ 6,739,461.64</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - CURRENT FUND****Exhibit A****REGULATORY BASIS****Sheet 2 of 2****DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,10	\$ 916,185.61	\$ 834,460.56
Reserve for Encumbrances	A-3,10	314,785.17	298,980.48
Accounts Payable	A-10		878.24
Due to Borough of South Toms River	A-4	2,990.20	7,999.64
Tax Overpayments	A-4,5	75.15	3,050.04
Prepaid Taxes	A-5,7	376,969.27	248,527.46
Due State of New Jersey:			
Construction Fees	A-4	3,144.69	3,268.01
Marriage License Fees	A-4	475.00	375.00
Chapter 20, P.L. 1971	A-6	1,290.81	
County Taxes Payable	A-11	8,566.36	16,782.92
Regional District School Tax Payable	A-12	1,906,417.90	1,910,951.65
Reserve for:			
Proceeds from Sale of Municipal Assets	A-13	61,780.00	61,780.00
Reassessment	A-13		72,753.02
Tax Appeals	A-13	275,000.00	275,000.00
Interfunds:			
General Capital Fund	A-14	147,893.96	
Grant Fund	A-15	98,865.48	107,039.55
		<u>4,114,439.60</u>	<u>3,841,846.57</u>
Reserve for Receivables and Other Assets		783,907.28	856,623.52
Fund Balance	A-1	<u>1,848,930.09</u>	<u>1,882,108.27</u>
		<u>6,747,276.97</u>	<u>6,580,578.36</u>
<u>Grant Fund</u>			
Appropriated Reserves	A-17	150,715.55	157,098.66
Reserve for Encumbrances	A-17	640.00	1,784.62
		<u>151,355.55</u>	<u>158,883.28</u>
		<u>\$ 6,898,632.52</u>	<u>\$ 6,739,461.64</u>

There were deferred school taxes on December 31, 2017 and 2016 of \$2,190,697.00 (Schedule A-12).

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****Exhibit A-1****STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE** **Sheet 1 of 2****REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,800,000.00	\$ 2,034,000.00
Miscellaneous Revenue Anticipated	A-2	1,413,489.46	1,447,948.76
Receipts from Delinquent Taxes	A-2	440,026.73	436,324.98
Receipts from Current Taxes	A-2	18,646,784.02	18,385,738.61
Non-Budget Revenues	A-2	147,499.40	168,058.12
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	875,039.55	846,660.61
Interfund Loans Returned			127,549.15
Reserve for Refunds Receivable Cancelled	A	591.26	
Grants Appropriated Reserves Cancelled	A-15	15,060.50	15,005.58
Reserve for Reassessment Cancelled	A-13	71,038.08	
Total Income		<u>23,409,529.00</u>	<u>23,461,285.81</u>
<u>Expenditures</u>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		3,748,000.00	3,615,500.00
Other Expenses		3,806,112.00	3,874,087.00
Deferred Charges and Statutory Expenditures		865,250.00	788,250.00
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		60,000.00	60,000.00
Other Expenses		135,733.48	166,687.35
Capital Improvements		50,000.00	100,000.00
Municipal Debt Service		1,044,868.34	994,700.49
Deferred Charges			250,000.00
	A-3	<u>9,709,963.82</u>	<u>9,849,224.84</u>
Due to Borough of South Toms River			6,673.29
County Taxes	A-11	3,634,726.03	3,483,128.42
Due County for Added and Omitted Taxes	A-11	8,566.36	16,782.92
Regional District School Taxes	A-12	8,286,584.00	8,305,158.00
Grants Receivable Cancelled	A-15	60.70	105.07
Reimbursement Due to Taxation Audit	A-6	2,213.01	
Refunds Receivable Cancelled	A	591.26	
Interfund Loans Advanced		2.00	
Total Expenditures		<u>21,642,707.18</u>	<u>21,661,072.54</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-1

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

Sheet 2 of 2

REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
Excess in Revenue		\$ <u>1,766,821.82</u>	\$ <u>1,800,213.27</u>
Fund Balance January 1	A	<u>1,882,108.27</u>	<u>2,115,895.00</u>
		<u>3,648,930.09</u>	<u>3,916,108.27</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,800,000.00</u>	<u>2,034,000.00</u>
Fund Balance December 31	A	\$ <u><u>1,848,930.09</u></u>	\$ <u><u>1,882,108.27</u></u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
	A-1	\$ 1,800,000.00	\$	\$ 1,800,000.00	\$
Fund Balance Anticipated					
<u>Miscellaneous Revenues</u>					
Licenses					
Alcoholic Beverages	A-9	3,800.00		3,897.60	97.60
Fees and Permits	A-9	47,000.00		61,443.50	14,443.50
Fines and Costs					
Municipal Court	A-9	128,000.00		121,181.58	(6,818.42)
Interest and Costs on Taxes	A-5	75,000.00		82,262.49	7,262.49
Beach Badges and Parking Decals	A-9	4,000.00		4,325.00	325.00
Mercantile Licenses	A-9	8,500.00		7,770.00	(730.00)
State Aid:					
Consolidated Municipal Property Tax Relief	A-9	51,445.00		48,013.00	(3,432.00)
Energy Receipts Tax	A-9	613,228.00		616,660.00	3,432.00
Uniform Construction Code Fees	A-9	80,000.00		97,968.00	17,968.00
Shared Service Agreements:					
Borough of Island Heights	A-9	12,000.00		12,917.00	917.00
Borough of South Toms River	A-9	25,000.00		31,613.15	6,613.15
Special Items of Revenue:					
Federal and State Revenues Off-Set with Appropriations:					
Body Armor Grant	A-15		1,946.21	1,946.21	
Clean Communities Program	A-15		22,542.27	22,542.27	
Municipal Alliance on Alcoholism and Drug Abuse	A-15		25,395.00	25,395.00	
Safe and Secure Communities Program	A-15	60,000.00		60,000.00	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):					
Other Special Items:					
Uniform Fire Safety Act	A-9	\$ 3,000.00	\$	\$ 3,298.75	\$ 298.75
Lease for Mobile Telephone Cell Site	A-9	225,000.00		212,255.91	(12,744.09)
Total Miscellaneous Revenues	A-1	<u>1,335,973.00</u>	<u>49,883.48</u>	<u>1,413,489.46</u>	<u>27,632.98</u>
Receipts from Delinquent Taxes	A-1,7	<u>445,000.00</u>		<u>440,026.73</u>	<u>(4,973.27)</u>
Subtotal General Revenues		<u>3,580,973.00</u>	<u>49,883.48</u>	<u>3,653,516.19</u>	<u>22,659.71</u>
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>7,048,074.63</u>		<u>7,671,216.17</u>	<u>623,141.54</u>
Total General Revenues		<u>10,629,047.63</u>	<u>49,883.48</u>	<u>11,324,732.36</u>	<u>645,801.25</u>
Non-Budget Revenues	A-1,2			<u>147,499.40</u>	<u>147,499.40</u>
		<u>\$ 10,629,047.63</u>	<u>\$ 49,883.48</u>	<u>\$ 11,472,231.76</u>	<u>\$ 793,300.65</u>
Ref.	A-3		A-3		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**CURRENT FUND****Exhibit A-2****STATEMENT OF REVENUES - REGULATORY BASIS****Sheet 3 of 3**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,7	\$ 18,646,784.02
Allocated to:		
School and County Taxes	A-1	<u>11,929,876.39</u>
Balance for Support of Municipal Budget Appropriations		6,716,907.63
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>954,308.54</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>7,671,216.17</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-7	\$ 436,006.29
Tax Title Lien Collections	A-8	<u>4,020.44</u>
	A-1,2	\$ <u><u>440,026.73</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Miscellaneous Revenue not Anticipated:		
Revenue Accounts Receivable:		
Cable Television Franchise Fee	A-9	\$ 37,740.09
Administration Charge for Off Duty Police		\$ 11,243.25
Administration Fee (Ch. 20, P.L. 1971)		1,935.86
DMV Inspection Fees		14,411.00
Impound Yard Fees		13,275.00
Interest on Deposits		5,422.39
Other		10,381.52
Refunds		33,288.29
Refuse Containers		4,555.00
Sale of Municipal Assets		5,495.00
Shared Services - Borough of Pine Beach		<u>9,752.00</u>
	A-4	<u>109,759.31</u>
	A-2	\$ <u><u>147,499.40</u></u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government Functions</u>					
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$ 100.00	\$	\$ 100.00	\$
Other Expenses	500.00	500.00	37.18	462.82	
Mayor and Council					
Salaries and Wages	115,000.00	115,000.00	112,710.00	2,290.00	
Other Expenses	2,500.00	2,500.00	1,384.00	1,116.00	
Municipal Clerk					
Salaries and Wages	54,500.00	54,500.00	39,838.50	14,661.50	
Other Expenses:					
Advertising and Public Relations	8,500.00	8,500.00	6,941.94	1,558.06	
Postage	14,000.00	14,000.00	13,785.00	215.00	
Miscellaneous Other Expenses	33,325.00	33,325.00	23,338.66	9,986.34	
Elections					
Other Expenses	4,000.00	4,000.00	1,105.49	2,894.51	
Financial Administration					
Salaries and Wages	85,000.00	85,000.00	77,485.73	7,514.27	
Other Expenses	46,100.00	53,100.00	51,314.68	1,785.32	
Audit Services					
Other Expenses	33,000.00	33,000.00	33,000.00		
Collection of Taxes					
Salaries and Wages	77,000.00	86,000.00	86,000.00		
Other Expenses:					
Miscellaneous Other Expenses	6,000.00	6,000.00	5,872.95	127.05	
Tax Sale Costs	1,500.00	1,500.00	1,368.20	131.80	
Liquidation of Tax Title Liens and Foreclosed Property					
Other Expenses	7,000.00	5,000.00		5,000.00	
Assessment of Taxes					
Salaries and Wages	26,000.00	26,000.00	24,289.98	1,710.02	
Other Expenses	2,175.00	2,175.00	2,175.00		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Legal Services and Costs					
Other Expenses	\$ 96,000.00	\$ 96,000.00	\$ 71,810.60	\$ 24,189.40	\$
Engineering Services and Costs					
Other Expenses	55,000.00	51,000.00	44,175.00	6,825.00	
Planning Board					
Salaries and Wages	17,000.00	17,000.00	10,302.54	6,697.46	
Other Expenses	10,222.00	10,222.00	2,918.07	7,303.93	
Environmental Commission					
Other Expenses	1,250.00	1,250.00		1,250.00	
Insurance					
General Liability	138,500.00	138,500.00	132,346.88	6,153.12	
Workers Compensation	138,000.00	138,000.00	123,200.82	14,799.18	
Employee Group Insurance	1,700,000.00	1,700,000.00	1,446,700.32	253,299.68	
Unemployment Insurance	50.00	50.00		50.00	
<u>Public Safety Functions</u>					
Police					
Salaries and Wages:					
Chiefs and Officers	1,980,000.00	1,980,000.00	1,908,205.27	71,794.73	
Crossing Guards	30,000.00	30,000.00	20,848.98	9,151.02	
Other Expenses:					
Police Vehicle Acquisition	45,000.00	45,000.00	42,009.29	2,990.71	
Miscellaneous	105,580.00	105,580.00	72,434.40	33,145.60	
Office of Emergency Management					
Salaries and Wages	5,200.00	5,200.00	2,871.96	2,328.04	
Other Expenses	1,350.00	1,350.00	794.78	555.22	
Aid to Volunteer Fire Companies					
Other Expenses	46,170.00	46,170.00	46,155.38	14.62	
Aid to Volunteer Ambulance Companies					
Other Expenses	19,000.00	19,000.00	18,999.70	.30	
Other Expenses - Training	5,000.00	5,000.00	4,684.50	315.50	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Court					
Salaries and Wages	\$ 120,000.00	\$ 120,000.00	\$ 109,853.49	\$ 10,146.51	\$
Other Expenses	8,000.00	8,000.00	5,489.53	2,510.47	
Uniform Fire Safety Act Fire Official					
Salaries and Wages	21,000.00	21,000.00	14,448.57	6,551.43	
Other Expenses	5,950.00	5,950.00	5,055.02	894.98	
Fire Services Program					
Fire Hydrant Services	12,600.00	12,600.00	12,600.00		
P.E.O.S.H.A.	19,700.00	19,700.00	19,691.54	8.46	
Municipal Prosecutor					
Other Expenses	17,950.00	17,950.00	16,632.00	1,318.00	
<u>Public Works Functions</u>					
Streets and Roads Maintenance					
Salaries and Wages	40,000.00	40,000.00	30,165.86	9,834.14	
Other Expenses	25,950.00	25,950.00	17,918.28	8,031.72	
Snow Removal					
Other Expenses	10,000.00	10,000.00	1,978.86	8,021.14	
Other Public Works Functions					
Salaries and Wages	135,200.00	135,200.00	93,212.29	41,987.71	
Other Expenses	10,000.00	10,000.00	7,664.87	2,335.13	
Solid Waste Collection					
Salaries and Wages	385,500.00	385,500.00	345,487.13	40,012.87	
Other Expenses	24,050.00	24,050.00	21,183.63	2,866.37	
Recycling Program					
Salaries and Wages	148,000.00	148,000.00	141,930.83	6,069.17	
Other Expenses	26,000.00	26,000.00	24,990.08	1,009.92	
Buildings and Grounds					
Salaries and Wages	204,000.00	204,000.00	183,746.99	20,253.01	
Other Expenses	77,740.00	97,740.00	61,414.10	36,325.90	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Equipment Maintenance	\$	\$	\$	\$	\$
Salaries and Wages		120,000.00	114,107.45	5,892.55	
Other Expenses	75,200.00	75,200.00	67,701.07	7,498.93	
P.E.O.S.H.A.					
Public Works					
Other Expenses	1,000.00	1,000.00		1,000.00	
<u>Health and Human Services</u>					
Animal Control Services					
Other Expenses	11,000.00	11,000.00	7,032.08	3,967.92	
<u>Park and Recreation Functions</u>					
Board of Recreation Commissioners					
Other Expenses	4,000.00	4,000.00	2,413.37	1,586.63	
Maintenance of Parks and Playgrounds					
Other Expenses	3,000.00	3,000.00	1,921.75	1,078.25	
Lifeguards and Special Officers					
Salaries and Wages	13,000.00	13,000.00	10,822.93	2,177.07	
Other Expenses	500.00	500.00	452.40	47.60	
Beach Maintenance					
Other Expenses	3,100.00	3,100.00	2,337.16	762.84	
<u>Education Functions</u>					
Participation in Free County Library					
Other Expenses	5,000.00	5,000.00		5,000.00	
<u>Other Common Operating Functions</u>					
Celebration of Public Events					
Other Expenses	2,500.00	2,500.00	2,199.83	300.17	
<u>Solid Waste Disposal Costs</u>					
Disposal Costs					
Other Expenses	517,500.00	466,500.00	389,228.86	77,271.14	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 8

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Code Enforcement and Zoning Officer					
Salaries and Wages	\$ 60,000.00	\$ 60,000.00	\$ 44,566.71	\$ 15,433.29	\$
Other Expenses	2,650.00	2,650.00	607.96	2,042.04	
Construction Official					
Salaries and Wages	102,500.00	102,500.00	86,516.57	15,983.43	
Other Expenses	2,000.00	2,000.00	410.96	1,589.04	
<u>Unclassified</u>					
Utilities:					
Electricity	130,000.00	130,000.00	111,607.65	18,392.35	
Street Lighting	70,000.00	70,000.00	67,294.43	2,705.57	
Telephone and Telegraph	40,000.00	40,000.00	29,456.75	10,543.25	
Natural Gas	38,000.00	38,000.00	25,714.48	12,285.52	
Gasoline, Diesel Fuel and Oil	125,000.00	145,000.00	143,912.32	1,087.68	
Cell Telephones	13,000.00	13,000.00	12,321.16	678.84	
Sick Leave Trust	15,000.00	15,000.00	15,000.00		
Total Operations within Caps	<u>7,555,112.00</u>	<u>7,554,112.00</u>	<u>6,678,194.76</u>	<u>875,917.24</u>	
Detail:					
Salaries and Wages	3,739,000.00	3,748,000.00	3,457,411.78	290,588.22	
Other Expenses	<u>3,816,112.00</u>	<u>3,806,112.00</u>	<u>3,220,782.98</u>	<u>585,329.02</u>	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees Retirement System	194,000.00	194,000.00	193,449.73	550.27	
Social Security System	300,000.00	300,000.00	261,870.73	38,129.27	
Police and Fireman's Retirement System	369,000.00	369,000.00	368,331.65	668.35	
Defined Contribution Retirement System	1,250.00	2,250.00	1,980.77	269.23	
Total Statutory Expenditures within Caps	<u>864,250.00</u>	<u>865,250.00</u>	<u>825,632.88</u>	<u>39,617.12</u>	
Total Appropriations within Caps	<u>8,419,362.00</u>	<u>8,419,362.00</u>	<u>7,503,827.64</u>	<u>915,534.36</u>	

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>OPERATIONS EXCLUDED FROM CAPS</u>					
LOSAP					
Other Expenses	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$	\$
Disposal Costs (P.L. 2007, Ch 311)					
Other Expenses	1,850.00	1,850.00	1,850.00		
<u>Shared Services Agreements</u>					
Borough of Island Heights					
Sub-Code Official Services	12,000.00	12,000.00	12,000.00		
Borough of South Toms River					
Sub-Code Official Services	25,000.00	25,000.00	25,000.00		
<u>Public and Private Programs Offset by Revenues</u>					
Matching Funds for Grants	651.25	651.25		651.25	
Body Armor Fund (40A:4-87 + 1,946.21)		1,946.21	1,946.21		
Clean Communities Program (40A:4-87 + 22,542.27)		22,542.27	22,542.27		
Municipal Alliance Grant					
State Share (40A:4-87 + 25,395.00)		25,395.00	25,395.00		
Local Share	6,348.75	6,348.75	6,348.75		
Safe and Secure Communities Program	60,000.00	60,000.00	60,000.00		
Total Operations Excluded from Caps	145,850.00	195,733.48	195,082.23	651.25	
Detail:					
Salaries and Wages	60,000.00	60,000.00	60,000.00		
Other Expenses	85,850.00	135,733.48	135,082.23	651.25	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 8

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	\$ 675,000.00	\$ 675,000.00	\$ 675,000.00	\$	\$
Payment of Bond Anticipation Notes and Capital Notes	95,813.36	95,813.36	95,813.36		
Interest on Bonds	216,000.00	216,000.00	215,663.75		336.25
Interest on Notes	48,000.00	48,000.00	47,377.50		622.50
New Jersey Economic Development Authority					
Municipal Infrastructure Fund Loan					
Principal	11,013.73	11,013.73	11,013.73		
Municipal Infrastructure Trust Loan					
Principal	5,000.00	5,000.00			5,000.00
Interest	8,700.00	8,700.00			8,700.00
Total Municipal Debt Service Excluded from Caps	1,059,527.09	1,059,527.09	1,044,868.34		14,658.75
Total General Appropriations Excluded from Caps	1,255,377.09	1,305,260.57	1,289,950.57	651.25	14,658.75
Subtotal General Appropriations	9,674,739.09	9,724,622.57	8,793,778.21	916,185.61	14,658.75
Reserve for Uncollected Taxes	954,308.54	954,308.54	954,308.54		
Total General Appropriations	\$ 10,629,047.63	\$ 10,678,931.11	\$ 9,748,086.75	\$ 916,185.61	\$ 14,658.75
<u>Ref.</u>		A-1	A-3	A	A-1
Budget		\$ 10,629,047.63			
Appropriation by 40A:4-87		49,883.48			
		\$ 10,678,931.11			

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 8

	<u>Ref.</u>	<u>Expended Paid or Charged</u>
Disbursements	A-4	\$ 8,362,760.81
Reserve for:		
Uncollected Taxes	A-2	954,308.54
Encumbrances	A	314,785.17
Interfunds:		
Grant Fund	A-15	<u>116,232.23</u>
	A-3	<u><u>\$ 9,748,086.75</u></u>

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

TRUST FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - TRUST FUNDS****Exhibit B****REGULATORY BASIS****DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>2,854.04</u>	\$ <u>3,040.23</u>
<u>Other Trust</u>			
Cash	B-1	<u>2,024,388.30</u>	<u>1,976,322.49</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Funds Held by Trustee	B-5	<u>248,970.07</u>	<u>221,834.24</u>
		<u>\$ 2,276,212.41</u>	<u>\$ 2,201,196.96</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Animal Control Licenses	B-1,3	\$ 965.60	\$ 1,067.60
Due State of New Jersey	B-2	172.20	233.40
Reserve for Expenditures	B-3	1,625.84	1,650.83
Interfund - Current Fund		90.40	88.40
		<u>2,854.04</u>	<u>3,040.23</u>
<u>Other Trust</u>			
Interfund - Current Fund		17,906.34	17,906.34
Miscellaneous Reserves	B-4	<u>2,006,481.96</u>	<u>1,958,416.15</u>
		<u>2,024,388.30</u>	<u>1,976,322.49</u>
<u>Length of Service Awards Program Fund</u>			
<u>(LOSAP) - Unaudited</u>			
Reserve for Length of Service Awards Program (LOSAP)	B-5	<u>248,970.07</u>	<u>221,834.24</u>
		<u>\$ 2,276,212.41</u>	<u>\$ 2,201,196.96</u>

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

GENERAL CAPITAL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - GENERAL CAPITAL FUND****Exhibit C****REGULATORY BASIS****DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2	\$ 3,450,942.59	\$ 2,683,149.58
NJEIT Loan Receivable	C-3	101,905.00	101,905.00
Deferred Charges to Future Taxation:			
Funded	C-4	5,812,442.54	6,531,247.27
Unfunded	C-5	9,471,716.00	9,156,216.00
Interfunds:			
Current Fund	C-7	147,893.96	
Water Utility Operating Fund	C-7	132,786.71	40,000.00
		<u>\$ 19,117,686.80</u>	<u>\$ 18,512,517.85</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-6	\$ 58,769.75	\$ 43,019.75
Interfund - Water Utility Capital Fund	C-7	53.71	519,040.56
Improvement Authorizations:			
Funded	C-8	253,374.70	257,530.78
Unfunded	C-8	2,904,942.28	3,468,737.17
Reserve for Encumbrances	C-8	619,734.28	397,077.26
Serial Bonds	C-9	5,463,000.00	6,138,000.00
NJEIT Loan Payable:			
Trust Loan	C-10	190,000.00	195,000.00
Fund Loan	C-11	159,442.54	198,247.27
Bond Anticipation Notes	C-12	8,383,750.00	6,490,000.00
Reserve for Retirement of Debt	C-2	571,945.92	364,436.14
Fund Balance	C-1	512,673.62	441,428.92
		<u>\$ 19,117,686.80</u>	<u>\$ 18,512,517.85</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$1,087,966.00 for general improvements (Schedule C-13) and on December 31, 2016 of \$2,666,216.00 for general improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 441,428.92
Increased by:		
Premium on Sale of Notes	C-2	<u>71,244.70</u>
Balance December 31, 2017	C	<u><u>\$ 512,673.62</u></u>

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

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WATER UTILITY FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 1 of 2****DECEMBER 31, 2017 AND 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 1,188,729.02	\$ 1,181,735.09
Cash - Change Fund		200.00	200.00
		<u>1,188,929.02</u>	<u>1,181,935.09</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	208,879.86	223,337.88
Total Operating Fund		<u>1,397,808.88</u>	<u>1,405,272.97</u>
Capital Fund:			
Cash	D-5	1,313,258.51	545,434.44
Fixed Capital	D-8	13,401,304.13	13,401,304.13
Fixed Capital Authorized and Uncompleted	D-9	2,300,000.00	2,000,000.00
Interfund - General Capital Fund	D-14	53.71	519,040.56
Deferred Charges - Unfinanced Costs	D-16		29,634.42
Total Capital Fund		<u>17,014,616.35</u>	<u>16,495,413.55</u>
		<u>\$ 18,412,425.23</u>	<u>\$ 17,900,686.52</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4,10	\$ 94,589.31	\$ 184,543.04
Reserve for Encumbrances	D-4,10	98,660.09	87,507.76
Interfund - General Capital Fund	D-13	132,786.71	40,000.00
Prepaid Rents	D-5,7	46,082.49	46,724.47
Accrued Interest on Bonds, Loans and Notes	D-11	62,217.53	69,064.66
		<u>434,336.13</u>	<u>427,839.93</u>
Reserve for Receivables		208,879.86	223,337.88
Fund Balance	D-1	754,592.89	754,095.16
Total Operating Fund		<u>1,397,808.88</u>	<u>1,405,272.97</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**BALANCE SHEET - WATER UTILITY FUND****Exhibit D****REGULATORY BASIS****Sheet 2 of 2****DECEMBER 31, 2017 AND 2016**

<u>Liabilities, Reserves and Fund Balance (Continued)</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Capital Fund:			
Capital Improvement Fund	D-12	\$ 43,950.00	\$ 41,050.00
Improvement Authorizations:			
Funded	D-15		25,000.00
Unfunded	D-15	612,523.01	1,075,327.01
Reserve for Encumbrances	D-15	674,016.13	133,952.07
Reserve for Retirement of Debt	D-16		511,856.29
Reserve for Amortization	D-16	7,757,785.14	6,911,196.64
Deferred Reserve for Amortization	D-17	37,870.00	25,000.00
Serial Bonds	D-18	1,805,000.00	1,920,000.00
N.J. Environmental Infrastructure:			
Trust Loan	D-19	1,165,774.68	1,260,774.68
Fund Loan	D-20	799,989.89	899,332.81
Bond Anticipation Notes	D-21	3,805,250.00	3,410,000.00
Fund Balance	D-2	312,457.50	281,924.05
Total Capital Fund		<u>17,014,616.35</u>	<u>16,495,413.55</u>
		<u>\$ 18,412,425.23</u>	<u>\$ 17,900,686.52</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$329,634.42 for utility improvements (Schedule D-22) and on December 31, 2016 of \$975,000.00 for utility improvements.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**WATER UTILITY OPERATING FUND****Exhibit D-1****STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-3	\$ 375,000.00	\$ 573,950.00
Water Rents	D-3	1,743,691.84	1,674,150.93
Fire Hydrant Services	D-3	12,600.00	12,600.00
Miscellaneous Revenue Anticipated	D-3	44,474.58	43,087.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	187,174.47	191,758.83
Total Income		<u>2,362,940.89</u>	<u>2,495,546.93</u>
<u>Expenditures</u>			
Operating	D-4	1,362,100.00	1,440,550.00
Capital Improvements	D-4	5,400.00	27,900.00
Debt Service	D-4	518,843.16	520,392.44
Deferred Charges and Statutory Expenditures	D-4	101,100.00	99,100.00
Refund of Prior Year Revenue	D-5		210.00
Total Expenditures		<u>1,987,443.16</u>	<u>2,088,152.44</u>
Excess in Revenue		375,497.73	407,394.49
Fund Balance January 1	D	754,095.16	920,650.67
		<u>1,129,592.89</u>	<u>1,328,045.16</u>
Decreased by:			
Utilization by Water Operating Budget	D-1	<u>375,000.00</u>	<u>573,950.00</u>
Fund Balance December 31	D	<u>\$ 754,592.89</u>	<u>\$ 754,095.16</u>

WATER UTILITY CAPITAL FUND**STATEMENT OF FUND BALANCE - REGULATORY BASIS****Exhibit D-2**

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 281,924.05
Increased by:		
Premium on Sale of Notes	D-5	<u>30,533.45</u>
Balance December 31, 2017	D	<u>\$ 312,457.50</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN**WATER UTILITY OPERATING FUND****Exhibit D-3****STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ <u>375,000.00</u>	\$ <u>375,000.00</u>	\$ <u></u>
Miscellaneous	D-1,3	30,000.00	44,474.58	14,474.58
Fire Hydrant Service	D-1,5	12,600.00	12,600.00	
Rents	D-1,7	<u>1,600,000.00</u>	<u>1,743,691.84</u>	<u>143,691.84</u>
		<u>1,642,600.00</u>	<u>1,800,766.42</u>	<u>158,166.42</u>
		\$ <u>2,017,600.00</u>	\$ <u>2,175,766.42</u>	\$ <u>158,166.42</u>

Ref. D-4

Analysis of Miscellaneous Revenue

Fire Protection Services	\$ 1,247.50
Connection Fees	4,800.00
Interest on Deposits	728.21
Interest on Delinquent Accounts	<u>37,698.87</u>
D-3,5	\$ <u>44,474.58</u>

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating					
Salaries and Wages	\$ 635,000.00	\$ 635,000.00	\$ 620,025.00	\$ 14,975.00	\$
Other Expenses	727,100.00	727,100.00	655,880.36	71,219.64	
Capital Improvements					
Capital Improvement Fund	2,900.00	2,900.00	2,900.00		
Capital Outlay	2,500.00	2,500.00	1,325.02	1,174.98	
Debt Service					
Payment of Bond Principal	115,000.00	115,000.00	115,000.00		
Payment of Bond Anticipation Notes	68,000.00	68,000.00	67,893.71		106.29
Interest on Bonds	73,000.00	73,000.00	70,589.46		2,410.54
Interest on Notes	25,000.00	25,000.00	25,000.00		
Infrastructure Loans:					
Principal	195,000.00	195,000.00	194,342.92		657.08
Interest	73,000.00	73,000.00	46,017.07		26,982.93
Deferred Charges and Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	49,000.00	49,000.00	48,362.18	637.82	
Social Security System	52,000.00	52,000.00	45,518.13	6,481.87	
Unemployment Compensation Insurance	100.00	100.00		100.00	
	<u>\$ 2,017,600.00</u>	<u>\$ 2,017,600.00</u>	<u>\$ 1,892,853.85</u>	<u>\$ 94,589.31</u>	<u>\$ 30,156.84</u>
Ref.	D-3	D-1		D	D-1
Reserve for Encumbrances			\$ 98,660.09		
Disbursements			1,645,292.73		
Accrued Interest on Bonds, Loans and Notes			<u>148,901.03</u>		
			<u>\$ 1,892,853.85</u>		

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

PAYROLL FUND

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - PAYROLL FUND

Exhibit G

REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	G-1	\$ 433.89	\$ 3,866.04
Due from State of New Jersey	G-2	<u>3,101.64</u>	<u> </u>
		<u>\$ 3,535.53</u>	<u>\$ 3,866.04</u>
<u>Liabilities</u>			
Interfunds:			
Current Fund	G-2	\$ 2,003.46	\$ 2,003.46
Payroll Deductions Payable	G-2	<u>1,532.07</u>	<u>1,862.58</u>
		<u>\$ 3,535.53</u>	<u>\$ 3,866.04</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 20,288,400.00	\$ 20,288,400.00
Buildings	3,584,608.00	3,570,658.00
Improvements - Other than Buildings	1,693,568.00	1,693,568.00
Machinery and Equipment	<u>7,188,012.00</u>	<u>6,752,860.00</u>
	<u>\$ 32,754,588.00</u>	<u>\$ 32,305,486.00</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 32,754,588.00</u>	<u>\$ 32,305,486.00</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Borough of Beachwood, County of Ocean, New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Regional Board of Education, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The financial statements of the Beachwood Sewerage Authority are reported separately.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Borough conform to the accounting principles applicable to municipalities which have been prescribed by the Division. 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 ("GAAP"):

Current Fund - revenues and expenditures for governmental operations of a general nature, including federal and state grant funds

Animal Control Trust Fund - animal control license revenues and expenditures

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Water Utility Operating Fund - revenues and expenditures necessary to operate a municipally-owned water supply system from user fees

Water Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water capital facilities, other than those acquired through the Water Utility Operating Fund, including the status of bonds and notes authorized for said purposes

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes

General Fixed Assets Account Group - used to account for fixed assets used in general government operations

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 respective balance sheets. 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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2017 is set forth in 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 at its market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with the New Jersey Administrative Code, as promulgated by the Division, which differs in certain respects from GAAP, the Borough has developed a fixed assets accounting and reporting system.

Fixed assets used 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.

GAAP does not require utilization of a general fixed asset account group.

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

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

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

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

Utility Fixed Assets - Accounting for utility fund "fixed capital" remains unchanged.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water Utility Fund are not depreciated. Principal payments for Water Utility debt are recorded as expenditures in the Water Utility Statement of Operations.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

During 2017 and 2016 the following changes occurred in the fixed assets of the Borough:

	Balance Jan. 1, 2017	Expended from Current or Capital Fund	Balance Dec. 31, 2017
General Fixed Assets Account Group:			
Land	\$ 20,288,400	\$	\$ 20,288,400
Buildings	3,570,658	13,950	3,584,608
Improvements - Other than Buildings	1,693,568		1,693,568
Machinery and Equipment	6,752,860	435,152	7,188,012
Water Utility Fund:			
Fixed Capital	13,401,304		13,401,304
Fixed Capital Authorized and Uncompleted	2,000,000	300,000	2,300,000
	<u>\$ 47,706,790</u>	<u>\$ 749,102</u>	<u>\$ 48,455,892</u>

	Balance Jan. 1, 2016	Expended from Current or Capital Fund	Deletions or Authorizations Cancelled	Transfers	Balance Dec. 31, 2016
General Fixed Assets Account Group:					
Land	\$ 20,288,400	\$	\$	\$	\$ 20,288,400
Buildings	3,570,658				3,570,658
Improvements - Other than Buildings	1,693,568				1,693,568
Machinery and Equipment	6,456,572	296,288			6,752,860
Water Utility Fund:					
Fixed Capital	6,208,075		223,106	7,416,335	13,401,304
Fixed Capital Authorized and Uncompleted	10,220,000	500,000	1,303,665	(7,416,335)	2,000,000
	<u>\$ 48,437,273</u>	<u>\$ 796,288</u>	<u>\$ 1,526,771</u>	<u>\$</u>	<u>\$ 47,706,790</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement will be effective for the year ended December 31, 2018. The adoption of this Statement had no impact on the Borough's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. The adoption of this Statement had no impact on the Borough's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The adoption of this Statement had no impact on the Borough's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of this Statement had no impact on the Borough's financial statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Recently Issued Accounting Pronouncements (Continued)

Recently Issued Accounting Pronouncements

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

Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. This statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to have a material impact on the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. This statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to have a material impact on the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. This statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to have a material impact on the Borough's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to have a material impact on the Borough's financial statements.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Impact of Recently Issued Accounting Pronouncements (Continued)

Recently Issued Accounting Pronouncements (Continued)

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. This statement will be effective for the year ended December 31, 2020. Management does not expect this Statement to have a material impact on the Borough's financial statements.

E. Financial Statements

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

F. Budgets and Budgetary Accounting

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

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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 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.

At year-end the carrying amount of the Borough's deposits was \$13,942,876 and the bank balance amount was \$14,153,640. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the \$13,857,415. An amount of \$46,225 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (6) Municipal investment pools
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed

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

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

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.

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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured:		
FDIC	\$ 250,000	\$ 250,000
GUDPA	13,857,415	11,917,131
Escrow Deposits	<u>46,225</u>	<u>42,466</u>
	<u>\$ 14,153,640</u>	<u>\$ 12,209,597</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 capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

Serial Bonds

3.00% to 4.00% General Improvement Bonds issued April 28,
2010, installment maturities to April 1, 2024 \$ 5,463,000

The bonds mature serially to 2024. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 695,000	\$ 193,376
2019	720,000	168,614
2020	750,000	142,513
2021	775,000	114,967
2022	810,000	84,720
2023-24	<u>1,713,000</u>	<u>69,180</u>
	\$ <u>5,463,000</u>	\$ <u>773,370</u>

New Jersey Environmental Infrastructure Program

The Borough has two loans with the New Jersey Environmental Infrastructure Program to fund stormwater outflows. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$209,261 is payable semi-annually until 2034 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$200,000 is payable semi-annually until 2034 with interest from 4% to 5%. A portion of the fund loan of \$27,791 was cancelled in 2017.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

General Capital Fund (Continued)

New Jersey Environmental Infrastructure Program (Continued)

* Year	Infrastructure Fund		Infrastructure Trust	
	Principal	Interest	Principal	Interest
2018	\$ 11,014	\$ -0-	\$ 5,000	\$ 8,450
2019	11,013	-0-	10,000	8,200
2020	11,014	-0-	10,000	7,700
2021	11,014	-0-	10,000	7,200
2022	11,013	-0-	10,000	6,700
2023-27	55,069	-0-	50,000	26,000
2028-32	49,306	-0-	65,000	14,400
2033-34		-0-	30,000	1,800
Total	\$ <u>159,443</u>	\$ <u>None</u>	\$ <u>190,000</u>	\$ <u>80,450</u>

* The amounts reflected above may be offset by income credits.

Water Utility Capital Fund

Serial Bonds

3.00% to 4.15% Water Utility Bonds issued April 28,
2010, installment maturities to April 1, 2029

\$ 1,805,000

The bonds mature serially to the year 2029. Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 120,000	\$ 68,651
2019	125,000	64,364
2020	130,000	59,836
2021	135,000	55,049
2022	140,000	49,803
2023-27	620,000	168,412
2028-29	<u>535,000</u>	<u>33,305</u>
	\$ <u>1,805,000</u>	\$ <u>499,420</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water Utility Capital Fund (Continued)

New Jersey Environmental Infrastructure Program

The Borough has four loans with the New Jersey Environmental Infrastructure Program to fund water system improvements. The first loan from the New Jersey Environmental Infrastructure Fund amounting to \$292,644 is payable semi-annually until 2024 with no interest. The second loan from the New Jersey Environmental Infrastructure Trust amounting to \$290,000 is payable semi-annually until 2024 with interest from 4% to 5%. The third and fourth loans were issued during 2008. The balance as of December 31, 2017, for the Trust and Fund Loans was \$1,540,000 and \$1,240,625, respectively. The Trust and Fund Loans are payable semi-annually until 2028 with interest from 5% to 5.5% for the Trust Loan and no interest for the Fund Loan. The aggregate debt service requirements are as follows:

* Year	Infrastructure Fund		Infrastructure Trust	
	Principal	Interest	Principal	Interest
2018	\$ 99,441	\$ -0-	\$ 100,000	\$ 69,719
2019	102,595	-0-	110,000	64,719
2020	102,113	-0-	115,000	58,994
2021	101,343	-0-	120,000	52,768
2022	100,414	-0-	105,775	46,269
2023-27	294,084	-0-	605,000	128,050
2028		-0-	10,000	6,750
Total	\$ <u>799,990</u>	\$ <u>None</u>	\$ <u>1,165,775</u>	\$ <u>427,269</u>

* The amounts reflected above may be offset by income credits.

B. Short-Term Debt

On December 31, 2017 the Borough's outstanding Bond Anticipation Notes were as follows:

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

General Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
2010-09	Various Drainage Improvements and Roadway Repairs	\$ 635,000	2.00%
2010-11	Various Capital Improvements	148,000	2.00%
2011-05	Various Capital Improvements	292,500	2.00%
2012-05	Various Capital Improvements	561,000	2.00%
2013-01	Repairs Due to Hurricane Sandy	302,250	2.00%
2013-08	Various Capital Improvements	600,000	2.00%
2014-05	Various Capital Improvements	635,000	2.00%
2014-06, 2014-11	Improvements to Mayo Park and Construction of a Recreation Center	1,106,000	2.00%
2015-09	Various Capital Improvements	1,750,000	2.00%
2015-09	Various Capital Improvements	957,500	2.00%
2016-09	Various Capital Improvements	<u>1,396,500</u>	2.00%
		\$ <u>8,383,750</u>	

Water Utility Capital Fund

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
2010-10	Well Number 5 and Related Improvements	\$ 1,194,300	2.00%
2012-06	Water Utility Improvements	648,820	2.00%
2013-07	Water Utility Improvements	487,130	2.00%
2014-04	Water Utility Improvements	500,000	2.00%
2015-08	Water Utility Improvements	475,000	2.00%
2016-10	Water Utility Improvements	<u>500,000</u>	2.00%
		\$ <u>3,805,250</u>	

C. Bonds and Notes Authorized But Not Issued

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

	<u>2017</u>	<u>2016</u>
General Capital Fund	\$ 1,087,966	\$ 2,666,216
Water Utility Capital Fund	329,634	975,000

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2017 was 1.683%. The Borough's remaining borrowing power is 1.817%.

The summary of municipal debt for the last three years and the calculation of statutory net debt are presented in the Supplementary Data section of this report.

E. Summary of Debt Service

During 2017 and 2016 the following changes occurred in the outstanding debt of the Borough:

	Balance				Balance	Due within
	Jan. 1, 2017	Issued	Retired	Cancelled	Dec. 31, 2017	One Year
General Debt:						
Serial Bonds	\$ 6,138,000	\$	\$ 675,000	\$	\$ 5,463,000	\$ 695,000
Bond Anticipation Notes	6,490,000	2,354,000	460,250		8,383,750	8,383,750
Loans Payable	393,247		16,013	27,791	349,443	16,014
Water Utility Fund Debt:						
Serial Bonds	1,920,000		115,000		1,805,000	120,000
Bond Anticipation Notes	3,410,000	975,000	579,750		3,805,250	3,805,250
Loans Payable	2,160,108		194,343		1,965,765	199,441
	<u>\$ 20,511,355</u>	<u>\$ 3,329,000</u>	<u>\$ 2,040,356</u>	<u>\$ 27,791</u>	<u>\$ 21,772,208</u>	
	Balance				Balance	Due within
	Jan. 1, 2016	Issued	Retired	Cancelled	Dec. 31, 2016	One Year
General Debt:						
Serial Bonds	\$ 6,788,000	\$	\$ 650,000	\$	\$ 6,138,000	\$ 675,000
Bond Anticipation Notes	5,000,000	1,750,000	260,000		6,490,000	6,490,000
Loans Payable	409,261		16,014		393,247	16,014
Water Utility Fund Debt:						
Serial Bonds	2,035,000		115,000		1,920,000	115,000
Bond Anticipation Notes	3,470,000		60,000		3,410,000	3,410,000
Loans Payable	2,780,625		189,004	431,513	2,160,108	194,343
	<u>\$ 20,482,886</u>	<u>\$ 1,750,000</u>	<u>\$ 1,290,018</u>	<u>\$ 431,513</u>	<u>\$ 20,511,355</u>	

NOTE 4. COMPENSATED ABSENCES

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$753,126 and \$730,290 at December 31, 2017 and 2016, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Borough had in reserve, in its' Sick Leave Trust, \$83,031 and \$80,298 at December 31, 2017 and 2016 respectively to partially fund this liability.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 5. FUND BALANCES APPROPRIATED

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced municipal budget for the year ending December 31 of the succeeding years are as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	\$ 1,800,000	\$ 1,800,000
Water Utility Fund	380,467	375,000

NOTE 6. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31</u>	
	<u>2017</u>	<u>2016</u>
Prepaid Taxes	\$ 376,969	\$ 248,527
Prepaid Water Rents	46,082	46,724

NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at 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

Service retirement benefits of 1/5 5th 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 1/60th 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 full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of 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 \$237,416 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Net Pension Liability and Pension Expense - At June 30, 2017, the State reported a net pension liability of \$6,040,393 for the Borough's proportionate share of the total PERS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.02595 percent, which was a decrease of 0.00077 percent from its proportion measured as of June 30 2016.

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

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Actuarial Valuation Date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 6,040,393	\$ 7,915,009
Borough's Portion of the Plans Total		
Net Pension Liability	0.02595%	0.02672%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$438,198.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25%	3.08%
Salary Increases:		
Through 2026	1.65 - 4.15%	1.65 - 4.15%
Thereafter	2.65 - 5.15%	2.65 - 5.15%
Investment Rate of Return	7.00%	7.65%

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

The actuarial assumptions used in the July 1, 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 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:

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<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%
	<u>100.00%</u>	

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 contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

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 were 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</u> <u>(4.00%)</u>	<u>Discount</u> <u>(5.00%)</u>	<u>Increase</u> <u>(6.00%)</u>
Borough Proportionate Share of the Net Pension Liability	\$ 7,493,517	\$ 6,040,393	\$ 4,829,760

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

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

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

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

The following represents the membership tiers for PFRS:

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

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

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$367,949 for 2017.

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

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 to report in the financial statements of the local participating employers related to this legislation.

Net Pension Liability and Pension Expense - At June 30, 2017, the State reported a net pension liability of \$6,907,719 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.04474 percent, which was a decrease of 0.00038 percent from its proportion measured as of June 30 2016.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Net Pension Liability and Pension Expense (Continued)

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

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Actuarial Valuation Date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 6,907,719	\$ 8,620,651
Borough's Portion of the Plans Total		
Net Pension Liability	0.04474%	0.04513%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$367,949.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$773,723 as of December 31, 2017. 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 State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2017 was .04474%, which was a decrease of .00038% from its proportion measured as of June 30, 2016, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 6,907,719
State's Proportionate Share of the Net Pension Liability	
Associated with the Borough	<u>773,723</u>
Total Net Pension Liability	\$ <u>7,681,442</u>

For the year ended December 31, 2017, the Borough's total allocated pension expense was \$799,377.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. These actuarial valuations used the following assumptions:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25%	3.08%
Salary Increases:		
Through 2026	2.10 - 8.98%	2.10 - 8.98%
Thereafter	3.10 - 9.98%	3.10 - 9.98%
Investment Rate of Return	7.00%	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Health Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

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. 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 either be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<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%
	<u>100.00%</u>	

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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 8. PENSION OBLIGATIONS (CONTINUED)

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

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 were 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</u> <u>(5.14%)</u>	<u>Discount</u> <u>(6.14%)</u>	<u>Increase</u> <u>(7.14%)</u>
Borough Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Position Liability Associated with the Borough	\$ 9,101,489	\$ 6,907,719	\$ 5,105,288

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Defined Contribution 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 Borough'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.

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

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides postretirement health care benefits to full-time employees who retire from the Borough with twenty years of service or police who retire on disability. Currently, seventy retirees meet those requirements. Expenditures for postretirement health care benefits are recognized when the insurance premiums are charged to the budget. During 2017 and 2016, expenditures, net of contributions, of \$172,766 and \$164,290, respectively, were recognized for postretirement health care.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 10. SCHOOL TAXES

Regional District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<u>Regional District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 4,097,115	\$ 4,101,649
Deferred	<u>2,190,697</u>	<u>2,190,697</u>
Tax Payable	\$ <u>1,906,418</u>	\$ <u>1,910,952</u>

NOTE 11. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Borough pays an actuarially determined annual assessment to Ocean County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Borough has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 20,000	\$ 246,759
Grant Fund	98,865	
Animal Control Trust Fund		90
Other Trust Fund		17,906
General Capital Fund	280,680	54
Water Utility Operating Fund		132,787
Water Utility Capital Fund	54	
Payroll Fund	<u> </u>	<u>2,003</u>
	\$ <u>399,599</u>	\$ <u>399,599</u>

All balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

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

The Borough officials believe that 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.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 14. SERVICE CONTRACT - SEWERAGE AUTHORITY

The Borough adopted an ordinance dated September 6, 1972, providing for a service contract between the Borough and the Beachwood Sewerage Authority (the "Authority"), which, among other things, obligates the Borough to pay to the Authority such sums of money as may be necessary to provide for deficits which result from failure of the Authority to provide adequate revenues from the operations of the Authority.

The Authority has been self-sustaining since its inception resulting in no payments having ever been made by the Borough to the Authority to cover operating deficits.

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$750 per year of active fire department service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Borough's LOSAP shall be included as a separate line item in the Borough's budget, commencing with the year 2003.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Borough for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the fire department organization. Annual contributions shall only be made by the Borough, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each fire department organization shall provide to the Borough Administrator or Borough Clerk, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Borough Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Borough Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 15. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") - UNAUDITED (CONTINUED)

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the fire department organization as an active volunteer member. Any active volunteer member who terminates service with the fire department organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

NOTE 16. DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

NOTE 17. SUBSEQUENT EVENT - DEBT AUTHORIZED

At the audit date the Township had adopted the following ordinance in 2018 authorizing the issuance of additional debt:

<u>Ordinance Number</u>	<u>Project</u>	<u>Amount of Debt Authorized</u>
2018-02	Acquisition of Real Property	\$ 228,000

BOROUGH OF BEACHWOOD

PART II

SUPPLEMENTARY DATA

OFFICIALS IN OFFICE AND SURETY BONDS

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGES IN FUND BALANCE - CURRENT FUND

	2017		2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 1,800,000.00	7.69%	\$ 2,034,000.00	8.67%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,522,718.25	10.78%	2,605,222.22	11.10%
Collection of Delinquent Taxes and				
Tax Title Liens	440,026.73	1.88%	436,324.98	1.86%
Collection of Current Tax Levy	18,646,784.02	79.65%	18,385,738.61	78.37%
Total Income	23,409,529.00	100.00%	23,461,285.81	100.00%
<u>Expenditures</u>				
Budget Expenditures	9,709,963.82	44.86%	9,849,224.84	45.47%
County Taxes	3,643,292.39	16.83%	3,499,911.34	16.16%
Regional School District Taxes	8,286,584.00	38.29%	8,305,158.00	38.34%
Other Expenditures	2,866.97	0.01%	6,778.36	0.03%
Total Expenditures	21,642,707.18	100.00%	21,661,072.54	100.00%
Excess in Revenue	1,766,821.82		1,800,213.27	
Fund Balance, January 1	1,882,108.27		2,115,895.00	
	3,648,930.09		3,916,108.27	
Decreased by:				
Payment to Current Fund as Anticipated Revenue				
Utilized as Anticipated Revenue	1,800,000.00		2,034,000.00	
Fund Balance, December 31	\$ 1,848,930.09		\$ 1,882,108.27	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGES IN FUND BALANCE - WATER UTILITY FUND

	2017		2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 375,000.00	15.87%	\$ 573,950.00	23.00%
Collection of Water Rents	1,743,691.84	73.79%	1,674,150.93	67.09%
Miscellaneous From Other Than Water Rents	244,249.05	10.34%	247,446.00	9.92%
	<u>2,362,940.89</u>	<u>100.00%</u>	<u>2,495,546.93</u>	<u>100.00%</u>
Total Income				
	<u>2,362,940.89</u>	<u>100.00%</u>	<u>2,495,546.93</u>	<u>100.00%</u>
<u>Expenditures</u>				
Operating	1,362,100.00	68.54%	1,440,550.00	68.99%
Capital Improvements	5,400.00	0.27%	27,900.00	1.34%
Debt Service	518,843.16	26.11%	520,392.44	24.92%
Deferred Charges and Regulatory Expenditures	101,100.00	5.09%	99,100.00	4.75%
Refund of Prior Year Revenue			210.00	0.01%
	<u>1,987,443.16</u>	<u>100.00%</u>	<u>2,088,152.44</u>	<u>100.00%</u>
Total Expenditures				
	<u>1,987,443.16</u>	<u>100.00%</u>	<u>2,088,152.44</u>	<u>100.00%</u>
Excess in Revenue	375,497.73		407,394.49	
Fund Balance, January 1	754,095.16		920,650.67	
	<u>1,129,592.89</u>		<u>1,328,045.16</u>	
Decreased by:				
Payment to Current Fund as Anticipated Revenue				
Utilized by Water Utility Operating Budget	<u>375,000.00</u>		<u>573,950.00</u>	
Fund Balance, December 31	\$ <u>754,592.89</u>		\$ <u>754,095.16</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ <u>2.351</u>	\$ <u>2.332</u>	\$ <u>1.831</u>
Apportionment of Tax Rate			
Municipal	.873	.865	.673
County	.451	.434	.362
Regional School District	1.027	1.033	.796
Assessed Valuation			
2017	\$ 807,205,944		
2016		\$ 803,752,683*	
2015			\$ 1,003,076,721

*Reassessment

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2017	\$ 19,022,154	\$ 18,646,784	98.02%
2016	18,833,655	18,385,739	97.62%
2015	18,388,302	17,860,771	97.13%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$100,185	\$ 367,727	\$ 467,912	2.46%
2016	87,159	455,548	542,707	2.88%
2015	69,962	461,477	531,439	2.89%

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 in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 285,731
2016	285,731
2015	285,731

COMPARISON OF WATER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2017	\$ 1,729,234	\$ 223,338	\$ 1,743,692
2016	1,728,358	169,131	1,674,151
2015	1,603,979	150,248	1,582,620

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2017	\$ 1,848,930	\$ 1,800,000
2016	1,882,108	1,800,000
2015	2,115,895	2,034,000
2014	1,868,504	1,698,000
2013	1,576,143	1,384,125
<u>Water Utility Operating Fund</u>		
2017	\$ 754,593	\$ 380,467
2016	754,095	375,000
2015	920,651	573,950
2014	1,126,826	539,950
2013	1,392,379	648,283

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 14,196,193	\$ 13,021,247	\$ 12,197,261
Water Utility:			
Bonds, Notes and Loans	<u>7,576,015</u>	<u>7,490,107</u>	<u>8,285,625</u>
	21,772,208	20,511,354	20,482,886
Less:			
Funds Temporarily Held to Pay Bonds:			
General Capital Fund	571,946	364,436	227,500
Water Utility Capital Fund		<u>511,856</u>	
	<u>571,946</u>	<u>876,292</u>	<u>227,500</u>
Net Debt Issued	<u>21,200,262</u>	<u>19,635,062</u>	<u>20,255,386</u>
 <u>Authorized and not Issued</u>			
General:			
Bonds, Notes and Loans	1,087,966	2,666,216	3,046,148
Water Utility:			
Bonds, Notes and Loans	<u>329,634</u>	<u>975,000</u>	<u>591,300</u>
	<u>1,417,600</u>	<u>3,641,216</u>	<u>3,637,448</u>
Net Bonds and Notes Issued and Authorized but not Issued	\$ <u>22,617,862</u>	\$ <u>23,276,278</u>	\$ <u>23,892,834</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.683%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 2,449,422	\$ 2,449,422	\$
Water Utility Debt	7,905,649	7,905,649	
General Debt	<u>15,284,159</u>	<u>571,946</u>	<u>14,712,213</u>
	\$ <u>25,639,230</u>	\$ <u>10,927,017</u>	\$ <u>14,712,213</u>

Net Debt \$14,712,213 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$874,205,603 = 1.683%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6

3.5% of Equalized Valuation Basis (Municipal)	\$ 30,597,196
Net Debt	<u>14,712,213</u>
Remaining Borrowing Power	\$ <u>15,884,983</u>

CALCULATION OF “SELF-LIQUIDATING PURPOSE” WATER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other		
Charges for Year		\$ 2,175,766
Deductions:		
Operating and Maintenance Cost	\$ 1,463,200	
Debt Service per Water Account	<u>518,843</u>	
Total Deductions		<u>1,982,043</u>
Excess in Revenue		\$ <u>193,723</u>

A Revised Annual Debt Statement should be filed by the Chief Financial Officer.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Ronald F. Roma, Jr.	Mayor	
Gregory Feeney	Council President	
William J. Cairns	Councilman	
Beverly Clayton	Councilwoman	
Steven Komsa	Councilman	
Gerald W. LaCrosse	Councilman	
Edward Zakar	Councilman	
Susan A. Minock	Borough Clerk, Deputy Treasurer and Assessment Search Officer	
John V. Mauder	Chief Financial Officer	
Elizabeth Sarantinoudis	Treasurer	*
Wendy Prior	Tax Collector	*
Donna LeMore	Accounting Clerk, Water Accounts Clerk	*
Damian G. Murray	Magistrate	*
Linda L. Applegate	Court Administrator	*

* There was a Statutory Position Bond in the amount of \$1,000,000 (\$1,000 deductible) carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$50,000 (\$2,500 deductible) for Borough employees carried by the Ocean County Municipal Joint Insurance Fund.

There was a "Public Employees' Dishonesty Blanket Bond" in the amount of \$950,000 for Borough employees carried by the Municipal Excess Liability Joint Insurance Fund.

There was a "Public Officials Bond" in the amount of \$1,000,000 carried by the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH - TREASURER

Balance December 31, 2016		\$ 5,719,392.00
Increased by Receipts:		
Tax Collector	\$ 19,205,450.49	
State of New Jersey (Ch. 20, P.L. 1971)	94,580.22	
Revenue Accounts Receivable	1,259,083.58	
Interfunds:		
Grant Fund	109,176.44	
Other	536,782.38	
Due to State:		
Marriage Licenses	1,625.00	
Construction Fees	11,645.00	
Due for Performance of Ceremony	600.00	
Due to Borough of South Toms River	1,663.85	
Miscellaneous Revenue not Anticipated	109,759.31	
		<u>21,330,366.27</u>
		27,049,758.27
Decreased by Disbursements:		
Budget Appropriations	8,362,760.81	
Appropriation Reserves	258,401.49	
County Taxes Payable	3,651,508.95	
Regional School District Tax	8,291,117.75	
Interfunds:		
Grant Fund	108,699.46	
Other	388,890.42	
Accounts Payable	878.24	
Tax Overpayments	2,949.91	
Reserve for Reassessment	1,714.94	
Due to State:		
Marriage Licenses	1,525.00	
Construction Fees	11,768.32	
Due for Performance of Ceremony	600.00	
Due to South Toms River	6,673.29	
		<u>21,087,488.58</u>
Balance December 31, 2017		\$ <u><u>5,962,269.69</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-5

SCHEDULE OF CURRENT CASH - TAX COLLECTOR

Increased by Receipts:		
Taxes Receivable	\$ 18,739,173.23	
Tax Title Liens	4,020.44	
Tax Overpayments	3,025.06	
Prepaid Taxes	376,969.27	
Interest and Costs on Taxes	<u>82,262.49</u>	
		\$ 19,205,450.49
Decreased by Disbursements:		
Turnover to Treasurer		\$ <u><u>19,205,450.49</u></u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY

(CHAPTER 20, P.L. 1971)

Exhibit A-6

Balance December 31, 2016 - Due From		\$ 3,462.84
Increased by:		
2017 Senior Citizens and Veterans Exemptions per Tax Duplicate	\$ 97,750.00	
2017 Deductions Disallowed by Tax Collector	(6,960.42)	
2017 Deductions Allowed by Tax Collector	<u>1,250.00</u>	
	<u>92,039.58</u>	
Reimbursement Due to Taxation Audit	<u>(2,213.01)</u>	
		<u>89,826.57</u>
		<u>93,289.41</u>
Decreased by:		
Receipts		<u>94,580.22</u>
Balance December 31, 2017 - (Due To)		\$ <u><u>(1,290.81)</u></u>

[illegible]

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-8

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2016		\$ 87,158.87
Increased by:		
Transfers from Taxes Receivable	\$ 16,761.82	
Interest and Costs on Taxes	<u>284.60</u>	
		<u>17,046.42</u>
		104,205.29
Decreased by:		
Receipts		<u>4,020.44</u>
Balance December 31, 2017		\$ <u>100,184.85</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-9

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2016</u>	<u>Accrued in 2017</u>	<u>Collected by Treasurer</u>	<u>Balance Dec. 31, 2017</u>
Licenses:				
Alcoholic Beverages	\$	\$ 3,897.60	\$ 3,897.60	\$
Fees and Permits		61,443.50	61,443.50	
Fines and Costs:				
Municipal Court	7,596.52	123,848.96	121,181.58	10,263.90
Beach Badges and Parking Decals		4,325.00	4,325.00	
Mercantile Licenses		7,770.00	7,770.00	
State Aid:				
Consolidated Municipal Property Tax Relief		48,013.00	48,013.00	
Energy Receipts Tax		616,660.00	616,660.00	
Uniform Construction Code Fees		97,968.00	97,968.00	
Shared Service Agreements:				
Borough of Island Heights		12,917.00	12,917.00	
Borough of South Toms River		31,613.15	31,613.15	
Other Special Items:				
Uniform Fire Safety Act		3,298.75	3,298.75	
Lease for Mobile Telephone Cell Site		212,255.91	212,255.91	
Miscellaneous:				
Cable Television Franchise Fee		37,740.09	37,740.09	
	\$ 7,596.52	\$ 1,261,750.96	\$ 1,259,083.58	\$ 10,263.90

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 5

OPERATIONS WITHIN CAPS

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Administrative and Executive					
Salaries and Wages	\$ 100.00	\$	\$ 100.00	\$	\$ 100.00
Other Expenses	500.00		500.00		500.00
Mayor and Council					
Salaries and Wages	1,000.52		1,000.52		1,000.52
Other Expenses	377.00	20.00	397.00	20.00	377.00
Municipal Clerk					
Salaries and Wages	12,686.07		12,686.07		12,686.07
Other Expenses:					
Advertising and Public Relations	2,216.50	6,000.00	8,216.50	2,305.80	5,910.70
Postage	450.00	4,000.00	4,450.00	4,000.00	450.00
Miscellaneous Other Expenses	14,468.22	802.04	15,270.26	345.00	14,925.26
Elections					
Other Expenses	2,999.88		2,999.88		2,999.88
Financial Administration					
Salaries and Wages	1,983.96		1,983.96		1,983.96
Other Expenses	3,005.54	3,775.05	6,780.59	6,696.52	84.07
Audit Services					
Other Expenses		33,000.00	33,000.00	29,475.00	3,525.00
Collection of Taxes					
Salaries and Wages	2,230.98		2,230.98		2,230.98
Other Expenses:					
Miscellaneous Other Expenses	931.54		931.54		931.54
Tax Sale Costs		1,500.00	1,500.00	1,500.00	
Liquidation of Tax Title Liens and Foreclosed Property					
Other Expenses	7,000.00		7,000.00		7,000.00
Assessment of Taxes					
Salaries and Wages	1,186.08		1,186.08		1,186.08
Other Expenses	160.15	1,814.85	1,975.00	1,814.85	160.15
Legal Services and Costs					
Other Expenses	10,774.99	20,000.00	30,774.99	19,317.66	11,457.33

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Engineering Services and Costs					
Other Expenses	\$ 13,250.00	\$ 24,427.00	\$ 37,677.00	\$ 10,116.09	\$ 27,560.91
Planning Board					
Salaries and Wages	4,512.11		4,512.11		4,512.11
Other Expenses	7,755.95	325.00	8,080.95	325.00	7,755.95
Environmental Commission					
Other Expenses	1,012.63		1,012.63		1,012.63
Insurance					
General Liability	909.54		909.54		909.54
Workers Compensation	1,591.58		1,591.58		1,591.58
Employee Group Insurance	178,130.29	9,422.09	187,552.38	7,875.77	179,676.61
Unemployment Insurance	50.00		50.00		50.00
Police					
Salaries and Wages:					
Chiefs and Officers	95,165.88	1,400.00	96,565.88	(4,285.00)	100,850.88
Crossing Guards	6,372.87		6,372.87		6,372.87
Other Expenses:					
Police Vehicle Acquisition	51.90		51.90		51.90
Miscellaneous	10,230.83	51,402.98	61,633.81	51,934.67	9,699.14
Office of Emergency Management					
Salaries and Wages	845.80		845.80		845.80
Other Expenses	411.00	274.00	685.00	274.00	411.00
Aid to Volunteer Fire Companies					
Other Expenses	.93	1,852.16	1,853.09	1,732.16	120.93
Aid to Volunteer Ambulance Companies					
Other Expenses		8,281.37	8,281.37	8,279.25	2.12
Other Expenses - Training	6.74	3,001.51	3,008.25	2,999.51	8.74
Municipal Court					
Salaries and Wages	1,085.89		1,085.89		1,085.89
Other Expenses	1,570.65	195.00	1,765.65	195.00	1,570.65

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	\$ 219.88	\$	\$ 219.88	\$	\$ 219.88
Other Expenses	326.74	4,365.66	4,692.40	4,365.66	326.74
Fire Services Program					
P.E.O.S.H.A.	3.39	7,421.00	7,424.39	6,789.00	635.39
Municipal Prosecutor					
Other Expenses	1,318.00	1,386.00	2,704.00	1,386.00	1,318.00
Streets and Roads Maintenance					
Salaries and Wages	7,724.53		7,724.53		7,724.53
Other Expenses	8,412.40	4,336.00	12,748.40	3,945.05	8,803.35
Snow Removal					
Other Expenses	165.06		165.06		165.06
Other Public Works Functions					
Salaries and Wages	73,183.73		73,183.73		73,183.73
Other Expenses	394.63	1,282.23	1,676.86	471.65	1,205.21
Solid Waste Collection					
Salaries and Wages	37,054.53		37,054.53		37,054.53
Other Expenses	4,299.71	6,911.30	11,211.01	6,876.30	4,334.71
Recycling Program					
Salaries and Wages	13,342.49		13,342.49		13,342.49
Other Expenses	5,525.20	4,895.98	10,421.18	4,509.78	5,911.40
Buildings and Grounds					
Salaries and Wages	13,413.17		13,413.17		13,413.17
Other Expenses	16,350.82	8,585.27	24,936.09	6,302.08	18,634.01
Equipment Maintenance					
Salaries and Wages	11,869.55		11,869.55		11,869.55
Other Expenses	4,409.72	10,891.69	15,301.41	10,822.90	4,478.51

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

P.E.O.S.H.A.

Public Works						
Other Expenses						
Animal Control Services						
Other Expenses						
Board of Recreation Commissioners						
Salaries and Wages						
Other Expenses						
Maintenance of Parks and Playgrounds						
Other Expenses						
Lifeguards and Special Officers						
Salaries and Wages						
Other Expenses						
Beach Maintenance						
Other Expenses						
Participation in Free County Library						
Other Expenses						
Celebration of Public Events						
Other Expenses						
Disposal Costs						
Other Expenses						
Code Enforcement and Zoning Officer						
Salaries and Wages						
Other Expenses						
Construction Official						
Salaries and Wages						
Other Expenses						

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 5

OPERATIONS WITHIN CAPS (CONTINUED)

Utilities:

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Electricity	\$ 52,349.30	\$ 11,180.78	\$ 63,530.08	\$ 6,660.41	\$ 56,869.67
Street Lighting	31,138.33	2.81	31,141.14	2.81	31,138.33
Telephone and Telegraph	10,025.44	2,360.63	12,386.07	2,116.79	10,269.28
Natural Gas	12,737.05	4,600.00	17,337.05	4,291.07	13,045.98
Gasoline, Diesel Fuel and Oil	60.50	9,100.00	9,160.50	9,100.00	60.50
Cell Telephones	1,775.83	1,145.21	2,921.04	1,145.21	1,775.83
Total Operations within Caps	<u>821,033.65</u>	<u>258,980.48</u>	<u>1,080,014.13</u>	<u>225,121.27</u>	<u>854,892.86</u>

STATUTORY EXPENDITURES WITHIN CAPS

Contribution to:

Public Employees Retirement System	475.20		475.20		475.20
Social Security System	11,826.46		11,826.46		11,826.46
Police and Fireman's Retirement System	308.00		308.00		308.00
Defined Contribution Retirement System	817.25		817.25	508.70	308.55
Total Statutory Expenditures within Caps	<u>13,426.91</u>		<u>13,426.91</u>	<u>508.70</u>	<u>12,918.21</u>
Total Appropriations within Caps	<u>834,460.56</u>	<u>258,980.48</u>	<u>1,093,441.04</u>	<u>225,629.97</u>	<u>867,811.07</u>

OPERATIONS EXCLUDED FROM CAPS

LOSAP

Other Expenses

		40,000.00	40,000.00	32,771.52	7,228.48
Total General Appropriations	\$ <u>834,460.56</u>	\$ <u>298,980.48</u>	\$ <u>1,133,441.04</u>	\$ <u>258,401.49</u>	\$ <u>875,039.55</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-11

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2016		\$ 16,782.92
Increased by:		
County Tax	\$ 3,078,035.25	
County Library Tax	331,611.25	
County Health Tax	120,164.99	
County Open Space Tax	104,914.54	
	<u>3,634,726.03</u>	
Added and Omitted Taxes	<u>8,566.36</u>	
		<u>3,643,292.39</u>
		<u>3,660,075.31</u>
Decreased by:		
Payments		<u>3,651,508.95</u>
Balance December 31, 2017		\$ <u><u>8,566.36</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-12

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2016:		
School Tax Payable	\$ 1,910,951.65	
School Tax Deferred	<u>2,190,697.00</u>	\$ 4,101,648.65
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>8,286,584.00</u>
		12,388,232.65
Decreased by:		
Payments		<u>8,291,117.75</u>
Balance December 31, 2017:		
School Tax Payable	1,906,417.90	
School Tax Deferred	<u>2,190,697.00</u>	
		\$ <u><u>4,097,114.90</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-13

SCHEDULE OF RESERVES

	Total (Memo Only)	Spending Reserve Property Reassessment	Revenue Reserves Tax Appeals	Sale of Municipal Assets
Balance December 31, 2016	\$ <u>409,533.02</u>	\$ <u>72,753.02</u>	\$ <u>275,000.00</u>	\$ <u>61,780.00</u>
Decreased by:				
Disbursements	1,714.94	1,714.94		
Balance Cancelled	<u>71,038.08</u>	<u>71,038.08</u>	<u> </u>	<u> </u>
Total Decreases	<u>72,753.02</u>	<u>72,753.02</u>	<u> </u>	<u> </u>
Balance December 31, 2017	\$ <u>336,780.00</u>	\$ <u> </u>	\$ <u>275,000.00</u>	\$ <u>61,780.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-14

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Animal Control Trust Fund	Other Trust Fund	General Capital Fund	Payroll Fund
Balance December 31, 2016 - Due From/(Due To)	\$ 19,998.20	\$ 88.40	\$ 17,906.34	\$	\$ 2,003.46
Increased by:					
Disbursements	388,890.42	2.00		388,888.42	
Total Increases	388,890.42	2.00		388,888.42	
Total Increases and Balances	408,888.62	90.40	17,906.34	388,888.42	2,003.46
Decreased by:					
Receipts	536,782.38			536,782.38	
Total Decreases	536,782.38			536,782.38	
Balance December 31, 2017 - Due From/(Due To)	\$ (127,893.76)	\$ 90.40	\$ 17,906.34	\$ (147,893.96)	\$ 2,003.46

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

CURRENT FUND

Exhibit A-15

SCHEDULE OF INTERFUNDS

GRANT FUND

Balance December 31, 2016 - Due To			\$ (107,039.55)
Increased by:			
Grant Expenditures:			
Disbursed	\$ 108,699.46		
2017 Budget Revenue	109,883.48		
Cancel Appropriated Reserves	<u>15,060.50</u>		
		233,643.44	
		<u>126,603.89</u>	
Decreased by:			
Receipts:			
Grants Received by Current Fund	109,176.44		
Transferred from 2017 Budget Appropriations	116,232.23		
Cancel Grants Receivable	<u>60.70</u>		
		225,469.37	
Balance December 31, 2017 - Due To			\$ <u><u>(98,865.48)</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-16

SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Revenue</u>	<u>Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
2017 Grants:					
Body Armor Grant	\$	\$ 1,946.21	\$ 1,946.21	\$	\$
Clean Communities Program		22,542.27	22,542.27		
Municipal Alliance 2017-18 Grant		25,395.00	7,204.93		18,190.07
Safe and Secure Communities Program		60,000.00	60,000.00		
2016 Grants:					
Community Development Block Grant	31,000.00				31,000.00
Municipal Alliance 2016-17 Grant	17,543.73		17,483.03	60.70	
2015 Grants:					
Community Development Block Grant	3,300.00				3,300.00
	\$ 51,843.73	\$ 109,883.48	\$ 109,176.44	\$ 60.70	\$ 52,490.07

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-17

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Transfer from 2017 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
2017 Grants:	\$	\$	\$	\$	\$	\$
Body Armor Grant		1,946.21				1,946.21
Clean Communities Program		22,542.27				22,542.27
Municipal Alliance 2017-18 Grant		31,743.75		11,673.82		20,069.93
Safe and Secure Communities Program		60,000.00		45,000.00	15,000.00	
2016 Grants:						
Body Armor Grant	1,943.57					1,943.57
Clean Communities Program	26,533.96			257.26		26,276.70
Community Development Block Grant	31,000.00					31,000.00
Drunk Driving Enforcement Fund	2,964.82					2,964.82
Municipal Alliance 2016-17 Grant	12,921.82		1,685.50	14,546.82	60.50	
2015 Grants:						
Body Armor Grant	2,015.49					2,015.49
Clean Communities Program	23,204.97			5,801.24		17,403.73
Community Development Block Grant	3,300.00					3,300.00
2014 Grants:						
Alcohol Education and Rehabilitation Fund	472.64					472.64
Body Armor Grant						
2013 Award Amount	1,678.77			330.86		1,347.91
2014 Award Amount	2,018.32			2,018.32		
Clean Communities Program	19,077.63			7,452.69		11,624.94
Drunk Driving Enforcement Fund	4,435.60					4,435.60
2013 Grants:						
Clean Communities Program	19,515.54			19,329.47		186.07
2012 Grants:						
Clean Communities Program			99.12			99.12
Drunk Driving Enforcement Fund	4,576.67			2,893.01		1,683.66
2011 Grants:						
Alcohol Education and Rehabilitation Fund	150.82					150.82
Body Armor Grant						
Drunk Driving Enforcement Fund	35.97			35.97		

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GRANT FUND

Exhibit A-17

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

<u>Grant</u>	<u>Balance Dec. 31, 2016</u>	<u>Transfer from 2017 Budget Appropriation</u>	<u>Reserve for Encumbrances</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
2005 and Prior Grants:						
Alcohol Education and Rehabilitation Fund	\$ 1,252.07	\$	\$	\$	\$	\$ 1,252.07
	<u>\$ 157,098.66</u>	<u>\$ 116,232.23</u>	<u>\$ 1,784.62</u>	<u>\$ 109,339.46</u>	<u>\$ 15,060.50</u>	<u>\$ 150,715.55</u>
Adopted Budget		\$ 66,348.75				
Added By N.J.S. 40A:4-87		<u>49,883.48</u>				
		<u>\$ 116,232.23</u>				
Paid by Current Fund				\$ 108,699.46		
Reserve for Encumbrances				<u>640.00</u>		
				<u>\$ 109,339.46</u>		

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

TRUST FUNDS

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust</u>	<u>Other Trust</u>
Balance December 31, 2016	\$ 3,040.23	\$ 1,976,322.49
Increased by Receipts:		
Prepaid Licenses	\$ 965.60	\$
Due State of New Jersey	1,378.20	
Animal License Fees	5,127.20	
Interfund - Current Fund	2.00	
Miscellaneous Reserves		996,931.90
	<u>7,473.00</u>	<u>996,931.90</u>
	10,513.23	2,973,254.39
Decreased by Disbursements:		
Due State of New Jersey	1,439.40	
Animal Control Fund Expenditures	6,219.79	
Miscellaneous Reserves		948,866.09
	<u>7,659.19</u>	<u>948,866.09</u>
Balance December 31, 2017	<u>\$ 2,854.04</u>	<u>\$ 2,024,388.30</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE STATE OF NEW JERSEY

Balance December 31, 2016	\$ 233.40
Increased by:	
2017 and Prepaid Animal License Fees	<u>1,378.20</u>
	<u>1,611.60</u>
Decreased by:	
Fees Paid to State	<u>1,439.40</u>
Balance December 31, 2017	\$ <u><u>172.20</u></u>

SCHEDULE OF RESERVE FOR EXPENDITURES

Exhibit B-3

Balance December 31, 2016	\$ 1,650.83
Increased by:	
2017 Animal License Fees	\$ 5,127.20
Prepaid Licenses Applied	<u>1,067.60</u>
	<u>6,194.80</u>
	<u>7,845.63</u>
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>6,219.79</u>
Balance December 31, 2017	\$ <u><u>1,625.84</u></u>

Animal License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ <u>6,929.20</u>
2016	<u>6,371.60</u>
	\$ <u><u>13,300.80</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B-4

SCHEDULE OF MISCELLANEOUS RESERVES

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
	\$ 232,704.98	\$ 17,559.22	\$ 1,102.00	\$ 249,162.20
Affordable Housing	48,075.87	58,244.47	49,537.28	56,783.06
Community Center and Mayo Park Complex Maintenance	24,675.00	59,900.00	60,600.00	23,975.00
Deposit on Rental of Community Center and Mayo Park	91,252.73	31,219.32	16,758.05	105,714.00
Developers' Escrow Funds	9,446.38	233.00		9,679.38
Disposal of Forfeited Property				
Donations for:				
Developer's Contribution for Detention Basins	10,010.00			10,010.00
Fireworks on the Toms River	80,777.39	26,491.95	29,526.00	77,743.34
Tree Purchases	1,554.05	500.00		2,054.05
Law Enforcement Trust	2,528.51		8,590.97	2,528.51
Municipal Alliance	8,049.20	7,387.67		6,845.90
Parking Offenses Adjudication Act	608.92	20.00		628.92
Premiums Received at Tax Sale	539,700.00	263,200.00	327,600.00	475,300.00
Public Defender	1,115.81	3,350.13	4,354.04	111.90
Recreation Commission	22,946.04	13,723.03	22,744.06	13,925.01
Recycling Trust	270,345.01	48,153.57	2,051.00	316,447.58
Riverfront Trust	203,603.28	49,385.29	36,841.90	216,146.67
Sick Leave Trust	80,297.60	15,000.00	12,266.41	83,031.19
Snow Removal	44,864.48	24,872.49	3,546.43	66,190.54
Third Party Tax Title Lien Redemption	6,748.89	370,492.81	370,492.81	6,748.89
Unemployment Compensation	274,016.91	7,196.55	2,855.14	278,358.32
Uniform Fire Safety Act Penalties	5,095.10	2.40		5,097.50
	\$ 1,958,416.15	\$ 996,931.90	\$ 948,866.09	\$ 2,006,481.96

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

LOSAP FUND

Exhibit B-5

SCHEDULE OF RESERVE FOR LENGTH OF

SERVICE AWARDS PROGRAM (LOSAP)

(UNAUDITED)

Balance December 31, 2016		\$ 221,834.24
Increased by:		
Borough Contributions to Trustee	\$ 37,512.00	
Interest Earned	2,635.96	
Gain on Contributions	<u>11,442.92</u>	
		51,590.88
		<u>273,425.12</u>
Decreased by:		
Distributions		<u>24,455.05</u>
Balance December 31, 2017		\$ <u><u>248,970.07</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2016		\$ 2,683,149.58
Increased by Receipts:		
Fund Balance (Premium on Sale of Notes)	\$ 71,244.70	
Capital Improvement Fund	50,000.00	
Interfunds	1,394,421.87	
Bond Anticipation Notes	2,354,000.00	
Reserve for Retirement of Debt	<u>567,242.82</u>	
		<u>4,436,909.39</u>
		<u>7,120,058.97</u>
Decreased by Disbursements:		
Interfunds	2,154,089.39	
Improvement Authorizations	1,155,293.95	
Bond Anticipation Notes	<u>359,733.04</u>	
		<u>3,669,116.38</u>
Balance December 31, 2017		\$ <u><u>3,450,942.59</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CAPITAL CASH

	Balance Dec. 31, 2016	Receipts		Improvement Authorizations	Disbursements		Transfers		Balance Dec. 31, 2017
		Notes Issued	Miscellaneous		Notes Paid	Miscellaneous	From	To	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance	\$ 441,428.92								\$ 512,673.62
Capital Improvement Fund	43,019.75		50,000.00				34,250.00		58,769.75
NJEIT Loan Receivable	(101,905.00)								(101,905.00)
Interfunds:									
Current Fund									
Water Utility Operating Fund	(40,000.00)		388,888.42			536,782.38			(147,893.96)
Water Utility Capital Fund	519,040.56					92,786.71			(132,786.71)
Reserve for Encumbrances	397,077.26		1,005,533.45			1,524,520.30			53.71
Reserve for Retirement of Debt:							397,077.26	619,734.28	619,734.28
Ordinance 2010-09	3,686.24				3,686.24				
Ordinance 2010-11	14,966.10				10,263.00				4,703.10
Ordinance 2011-05	5,893.99				5,893.99				
Ordinance 2012-05	57,389.81				57,389.81				
Ordinance 2013-08	62,500.00				62,500.00				
Ordinance 2014-03			178,354.40						178,354.40
Ordinance 2014-05	220,000.00				220,000.00				
Ordinance 2012-08, 2013-01			41,922.57						41,922.57
Ordinance 2016-09			346,965.85						346,965.85
Improvement Authorizations:									
2004-08, 2005-09	41,085.25								41,085.25
2011-10, 2013-11	5,290.57								5,290.57
2012-08, 2013-01	38,542.48								38,542.48
2013-08	81,320.10								86,159.93
2014-03	171,746.40			4,839.83			1,530.92	6,370.75	166,906.57
2014-05	96,796.92								96,796.92
2014-06,									
2014-11	90,832.93			2,217.86			82.14		88,532.93
2014-09	39,408.56			7,769.12			4,953.84	5,622.96	32,308.56
2015-09	539,402.44	957,500.00		532,165.36			564,402.49	272,508.85	672,843.44
2016-09	(44,373.70)	1,396,500.00		608,301.78			22,298.64	112,574.70	834,100.58
2017-04							26,466.25	34,250.00	7,783.75
	\$ 2,683,149.58	\$ 2,354,000.00	\$ 2,082,909.39	\$ 1,155,293.95	\$ 359,733.04	\$ 2,154,089.39	\$ 1,051,061.54	\$ 1,051,061.54	\$ 3,450,942.59

Ordinance Number Improvement Description

Various Capital Improvements
Improvements to Municipal Building
Repairs due to Hurricane Sandy
Various Capital Improvements
Relocation of Two Stormwater Outflows
Various Capital Improvements
Improvements to Mayo Park and Construction of a Recreation Center
Closure of the Landfill
Various Capital Improvements
Various Capital Improvements
Various Capital Improvements

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE

TAXATION - FUNDED

Balance December 31, 2016		\$ 6,531,247.27
Decreased by:		
2017 Budget Appropriations to Pay:		
Serial Bonds	\$ 675,000.00	
Trust Loan	5,000.00	
Fund Loan	11,013.73	
Fund Loan Cancelled	<u>27,791.00</u>	
		<u>718,804.73</u>
Balance December 31, 2017		\$ <u><u>5,812,442.54</u></u>

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

[illegible]

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2016	\$ 43,019.75
Increased by:	
2017 Budget Appropriation	<u>50,000.00</u>
	93,019.75
Decreased by:	
Appropriation to Finance Improvement	
Authorizations	<u>34,250.00</u>
Balance December 31, 2017	<u><u>\$ 58,769.75</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF INTERFUNDS

	Total (Memo Only)	Current Fund	Water Operating Fund	Water Capital Fund
Balance December 31, 2016 - Due From/(Due To)	\$ <u>(479,040.56)</u>	\$	\$ <u>40,000.00</u>	\$ <u>(519,040.56)</u>
Increased by:				
Disbursements	2,154,089.39	536,782.38	92,786.71	1,524,520.30
Total Increases and Balances	<u>1,675,048.83</u>	<u>536,782.38</u>	<u>132,786.71</u>	<u>1,005,479.74</u>
Decreased by:				
Receipts	1,394,421.87	388,888.42		1,005,533.45
Total Decreases	<u>1,394,421.87</u>	<u>388,888.42</u>		<u>1,005,533.45</u>
Balance December 31, 2017 - Due From/(Due To)	\$ <u>280,626.96</u>	\$ <u>147,893.96</u>	\$ <u>132,786.71</u>	\$ <u>(53.71)</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2016		Capital Improvement Fund	2017 Authorizations		Reserve for Encumbrances	Paid or Charged	Balance Dec. 31, 2017	
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation Unfunded	Funded			Unfunded	
2004-08, 2005-09 2011-10, 2013-11 2013-01 2013-08 2014-03 2014-05 2014-06, 2014-11 2014-09 2015-09 2016-09 2017-03 2017-04	Various Capital Improvements Improvements to Municipal Building Repairs due to Hurricane Sandy Various Capital Improvements Relocation of Two Stormwater Outflows Various Capital Improvements Improvements to Mayo Park and Construction of a Recreation Center Closure of the Landfill Various Capital Improvements Various Capital Improvements Refunding Bond Various Capital Improvements	5/19/2004 10/05/2011 11/18/2013 4/17/2013 8/21/2013 7/16/2014 6/18/2014 6/18/2014 12/17/2014 12/03/2014 10/07/2015 9/21/2016 10/04/2017 10/04/2017	\$ 600,000.00 65,000.00 40,845.34 325,000.00 893,000.00 1,200,000.00 900,000.00 955,000.00 225,000.00 60,108.56 2,850,000.00 1,470,000.00 125,000.00 685,000.00	\$ 41,085.25 5,290.57 171,746.40 39,408.56 								

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Outstanding</u>	<u>Dec. 31, 2017</u>				
General Improvement	<u>Date</u>	<u>Amount</u>		3.50%				
	4/01/2018	\$	695,000.00					
	4/01/2019		720,000.00					
	4/01/2020		750,000.00					
	4/01/2021		775,000.00					
	4/01/2022		810,000.00					
	4/01/2023		840,000.00					
	4/01/2024		873,000.00					
				4.00%		\$ 6,138,000.00	\$ 675,000.00	\$ 5,463,000.00
				4.00%				

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding</u>		<u>Interest Rates</u>	<u>Balance Dec. 31, 2016</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Year</u>	<u>December 31, 2017 Amount</u>				
Stormwater Outflows	2015	\$ 200,000.00	2018	\$ 5,000.00	5.00%			
			2019-29	10,000.00	5.00%			
			2030-34	15,000.00	4.00%	\$ 195,000.00	\$ 5,000.00	\$ 190,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-11

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding</u>		<u>Interest Rates</u>	<u>Balance Dec. 31, 2016</u>	<u>Loan Cancelled</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Year</u>	<u>December 31, 2017 Amount</u>					
Stormwater Outflows	2015	\$ 209,261.00	2018-31	\$ 11,013.73	0.00%	\$ 198,247.27	\$ 27,791.00	\$ 11,013.73	\$ 159,442.54
			2032	5,250.30	0.00%				

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Reallocated	Increased	Decreased	Balance Dec. 31, 2017
2010-09	Various Drainage Improvements and Roadway Repairs	3/11/2014	3/07/2017	3/07/2018	2.00%	\$ 655,500.00	\$	\$	\$ 20,500.00	\$ 635,000.00
2010-11	Various Capital Improvements	3/12/2012	3/07/2017	3/07/2018	2.00%	158,263.00			10,263.00	148,000.00
2011-05	Various Capital Improvements	3/12/2012	3/07/2017	3/07/2018	2.00%	277,237.00	40,000.00		24,737.00	292,500.00
2012-05	Various Capital Improvements	3/11/2013	3/07/2017	3/07/2018	2.00%	701,750.00	(40,000.00)		100,750.00	561,000.00
2013-01	Repairs Due to Hurricane Sandy	3/11/2014	3/07/2017	3/07/2018	2.00%	308,750.00			6,500.00	302,250.00
2013-08	Various Capital Improvements	3/11/2014	3/07/2017	3/07/2018	2.00%	662,500.00			62,500.00	600,000.00
2014-05	Various Capital Improvements	3/09/2015	3/07/2017	3/07/2018	2.00%	855,000.00			220,000.00	635,000.00
2014-06, 2014-11	Improvements to Mayo Park and Construction of a Recreation Center	3/09/2015	3/07/2017	3/07/2018	2.00%	1,121,000.00			15,000.00	1,106,000.00
2015-09	Various Capital Improvements	3/08/2016	3/07/2017	3/07/2018	2.00%	1,750,000.00				1,750,000.00
2015-09	Various Capital Improvements	3/07/2017	3/07/2017	3/07/2018	2.00%			957,500.00		957,500.00
2016-09	Various Capital Improvements	3/07/2017	3/07/2017	3/07/2018	2.00%			1,396,500.00		1,396,500.00
						<u>\$ 6,490,000.00</u>	<u>\$</u>	<u>\$ 2,354,000.00</u>	<u>\$ 460,250.00</u>	<u>\$ 8,383,750.00</u>
Paid by Budget Appropriation										
Disbursements (Reserve for Retirement of Debt)									\$ 100,516.96	
									<u>359,733.04</u>	
									<u>\$ 460,250.00</u>	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>
2014-03	Relocation of Two Stormwater Outflows	\$ 312,216.00
2017-03	Refunding Ordinance	125,000.00
2017-04	Various Capital Improvements	650,750.00
		<u>\$ 1,087,966.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY FUND

Exhibit D-5

SCHEDULE OF WATER UTILITY CASH

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	\$ 1,181,735.09	\$ 545,434.44
Increased by Receipts:		
Consumer Accounts Receivable	\$ 1,696,967.37	
Fire Hydrant Service	12,600.00	
Miscellaneous Revenue	44,474.58	
Prepaid Rents	46,082.49	
Interfunds	92,786.71	
Premium on Sale of Notes		30,533.45
Capital Improvement Fund		2,900.00
Interfunds		1,524,520.30
Bond Anticipation Notes		<u>975,000.00</u>
	<u>1,892,911.15</u>	<u>2,532,953.75</u>
	3,074,646.24	3,078,388.19
Decreased by Disbursements:		
Budget Appropriations	1,645,292.73	
Appropriation Reserves	84,876.33	
Accrued Interest on Bonds, Loans and Notes	155,748.16	
Reserve for Retirement of Debt		511,856.29
Interfunds		1,005,533.45
Improvement Authorizations		<u>247,739.94</u>
	<u>1,885,917.22</u>	<u>1,765,129.68</u>
Balance December 31, 2017	<u>\$ 1,188,729.02</u>	<u>\$ 1,313,258.51</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-6

ANALYSIS OF CASH

	Balance Dec. 31, 2016	Receipts Miscellaneous	Disbursements		Transfers From To	Balance Dec. 31, 2017
			Improvement Authorizations	Miscellaneous		
	\$	\$	\$	\$	\$	\$
Fund Balance	281,924.05	30,533.45				312,457.50
Capital Improvement Fund	41,050.00	2,900.00				43,950.00
Reserve for Encumbrances	133,952.07				133,952.07	674,016.13
Interfunds:						
General Capital Fund	(519,040.56)	1,524,520.30		1,005,533.45		(53.71)
Reserve for Retirement of Debt:						
2010-10 Well Number 5 and Related Improvements	474,267.81			474,267.81		
2012-06 Water Utility Improvements	37,588.48			37,588.48		
Improvement Authorizations:						
Ordinance Number	Improvement Description					
2006-14, 2008-07	Construction of Storage Tank and Related Equipment					
2013-07	(29,634.42)					(29,634.42)
2014-04	88,129.58					88,129.58
2015-08	12,197.43		122,281.99		2,052.91	21,814.60
2016-10	25,000.00	475,000.00	83,319.95		387,312.22	29,367.83
		500,000.00	42,138.00		284,651.00	173,211.00
	\$ 545,434.44	\$ 2,532,953.75	\$ 247,739.94	\$ 1,517,389.74	\$ 807,968.20	\$ 1,313,258.51

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2016		\$	223,337.88
Increased by:			
2017 Water Rents (Net)			<u>1,729,233.82</u>
			1,952,571.70
Decreased by:			
Prepaid Rents	\$	46,724.47	
Collections		<u>1,696,967.37</u>	
			<u>1,743,691.84</u>
Balance December 31, 2017		\$	<u><u>208,879.86</u></u>

WATER UTILITY OPERATING FUND

SCHEDULE OF FIXED CAPITAL

Exhibit D-8

			Balance
			<u>Dec. 31, 2017</u>
Distribution System	\$	<u>5,979,971.68</u>	
Wells, Treatment Plant and Pumping Stations		4,482,958.03	
Storage Tank		<u>2,938,374.42</u>	
	\$	<u><u>13,401,304.13</u></u>	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>
	<u>Number</u>	<u>Amount</u>	<u>Dec. 31, 2017</u>
Water Utility Improvements	2013-07	\$ 500,000.00	\$ 500,000.00
Water Utility Improvements	2014-04	500,000.00	500,000.00
Water Utility Improvements	2015-08	500,000.00	500,000.00
Water Utility Improvements	2016-10	500,000.00	500,000.00
Water Utility Improvements	2017-05	300,000.00	300,000.00
			<u>\$ 2,300,000.00</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2016</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 33,105.42	\$	\$ 33,105.42	\$	\$ 33,105.42
Other Expenses	137,575.12	87,507.76	222,082.88	75,356.33	146,726.55
Capital Improvements:					
Capital Outlay	6,540.36		9,540.36	9,520.00	20.36
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	618.80		618.80		618.80
Social Security System	6,603.34		6,603.34		6,603.34
Unemployment Compensation Insurance	100.00		100.00		100.00
	<u>\$ 184,543.04</u>	<u>\$ 87,507.76</u>	<u>\$ 272,050.80</u>	<u>\$ 84,876.33</u>	<u>\$ 187,174.47</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-11

SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS AND NOTES

Balance December 31, 2016	\$ 69,064.66
Increased by Receipts:	
Budget Appropriations	<u>148,901.03</u>
	<u>217,965.69</u>
Decreased by:	
Disbursements	<u>155,748.16</u>
Balance December 31, 2017	<u><u>\$ 62,217.53</u></u>

WATER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Exhibit D-12

Balance December 31, 2016	\$ 41,050.00
Increased by:	
2017 Budget Appropriation	<u>2,900.00</u>
Balance December 31, 2017	<u><u>\$ 43,950.00</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY OPERATING FUND

Exhibit D-13

SCHEDULE OF INTERFUNDS

	General Capital Fund
Balance December 31, 2016 - (Due To)	\$ <u>(40,000.00)</u>
Increased by: Receipts	<u>92,786.71</u>
Balance December 31, 2017 - (Due To)	\$ <u><u>(132,786.71)</u></u>

WATER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF INTERFUNDS

	General Capital Fund
Balance December 31, 2016 - Due From	\$ <u>519,040.56</u>
Increased by: Disbursements	<u>1,005,533.45</u> <u>1,524,574.01</u>
Decreased by: Receipts	<u>1,524,520.30</u>
Balance December 31, 2017 - Due From	\$ <u><u>53.71</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2016		\$ 6,911,196.64
Increased by:		
Notes Paid by Reserve for Retirement of Debt	\$ 511,856.29	
Debt Paid by Operating Budget:		
Serial Bonds	115,000.00	
Environmental Infrastructure Trust Loan	95,000.00	
Environmental Infrastructure Fund Loan	99,342.92	
Bond Anticipation Notes	<u>55,023.71</u>	
		876,222.92
		<u>7,787,419.56</u>
Decreased by:		
Deferred Charges - Unfinanced Costs		<u>29,634.42</u>
Balance December 31, 2017		<u><u>\$ 7,757,785.14</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Exhibit D-17

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2017</u>
Water Utility Improvements	2015-08	\$ 25,000.00
Water Utility Improvements	2013-07	<u>12,870.00</u>
		<u><u>\$ 37,870.00</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF WATER UTILITY SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Outstanding Date	Amount				
Water Utility	4/28/2010	\$ 2,560,000.00	4/01/2018	\$ 120,000.00	3.50%			
			4/01/2019	125,000.00	3.50%			
			4/01/2020	130,000.00	3.60%			
			4/01/2021	135,000.00	3.625%			
			4/01/2022	140,000.00	4.00%			
			4/01/2023	145,000.00	4.00%			
			4/01/2024	150,000.00	4.00%			
			4/01/2026	325,000.00	4.00%			
			4/01/2029	535,000.00	4.15%	\$ 1,920,000.00	\$ 115,000.00	\$ 1,805,000.00

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2017		Interest Rates	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Year	Amount				
Water System	2004	\$ 290,000.00	2018	\$ 15,000.00	5.00%			
			2019-21	20,000.00	5.00%			
Water System	2008	1,700,000.00	2022	774.68	5.00%	\$ 90,774.68	\$ 15,000.00	\$ 75,774.68
			2018	85,000.00	5.00%			
			2019	90,000.00	5.25%			
			2020	95,000.00	5.50%			
			2021	100,000.00	5.50%			
			2022	105,000.00	5.50%			
			2023	110,000.00	5.50%			
			2024	115,000.00	5.00%			
			2025	120,000.00	5.00%			
			2026	125,000.00	5.00%			
			2027	135,000.00	5.00%			
			2028	10,000.00	5.00%			
						<u>1,170,000.00</u>	<u>80,000.00</u>	<u>1,090,000.00</u>
						<u>\$ 1,260,774.68</u>	<u>\$ 95,000.00</u>	<u>\$ 1,165,774.68</u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF N.J. ENVIRONMENTAL INFRASTRUCTURE FUND LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Year	Amount				
Water System	2004	\$ 292,644.00	2018	\$ 13,883.50	0.00%	\$ 99,278.84	\$ 14,363.48	\$ 84,915.36
			2019	16,603.53				
			2020	15,963.43				
			2021	15,323.45				
			2022	14,683.47				
			2023	8,457.98				
			2018	85,557.44				
			2019	85,990.93				
			2020	86,149.88				
			2021	86,019.84				
Water System	2008	1,503,700.00	2022	85,730.83	0.00%	800,053.97	84,979.44	715,074.53
			2023	85,282.90				
			2024	84,676.00				
			2025	84,242.51				
			2026	31,424.20				
					\$ 899,332.81	\$ 99,342.92	\$ 799,989.89	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
2010-10	Well Number 5 and Related Improvements	3/12/2012	3/07/2017	3/07/2018	2.00%	\$ 1,705,000.00	\$	\$ 510,700.00	\$ 1,194,300.00
2012-06	Water Utility Improvements	3/11/2013	3/07/2017	3/07/2018	2.00%	705,000.00		56,180.00	648,820.00
2013-07	Water Utility Improvements	3/11/2014	3/07/2017	3/07/2018	2.00%	500,000.00		12,870.00	487,130.00
2014-04	Water Utility Improvements	3/09/2015	3/07/2017	3/07/2018	2.00%	500,000.00			500,000.00
2015-08	Water Utility Improvements	3/07/2017	3/07/2017	3/07/2018	2.00%		475,000.00		475,000.00
2016-10	Water Utility Improvements	3/07/2017	3/07/2017	3/07/2018	2.00%		500,000.00		500,000.00
						<u>\$ 3,410,000.00</u>	<u>\$ 975,000.00</u>	<u>\$ 579,750.00</u>	<u>\$ 3,805,250.00</u>
	Disbursements (Reserve for Retirement of Debt)							\$ 511,856.29	
	Paid by Budget Appropriation:								
	Reserve for Amortization							55,023.71	
	Deferred Reserve for Amortization							<u>12,870.00</u>	
								<u>\$ 579,750.00</u>	

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

WATER UTILITY CAPITAL FUND

Exhibit D-22

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>
2006-14, 2008-07	Construction of Storage Tank and Related Equipment	\$ <u>29,634.42</u>
2017-05	Water Utility Improvements	<u>300,000.00</u>
		\$ <u><u>329,634.42</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-1

SCHEDULE OF CASH - TREASURER

Balance December 31, 2016		\$ 3,866.04
Increased by:		
Deposits for Net Pay	\$ 2,475,276.09	
Payroll Deductions	<u>2,743,649.88</u>	
		<u>5,218,925.97</u>
		5,222,792.01
Decreased by:		
Net Pay	2,475,276.09	
Payroll Deductions Payable	2,743,980.39	
Due from State of New Jersey	<u>3,101.64</u>	
		<u>5,222,358.12</u>
Balance December 31, 2017		\$ <u><u>433.89</u></u>

BOROUGH OF BEACHWOOD - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G-2

ANALYSIS OF CASH

	Balance Dec. 31, 2016	Increased by Payroll Deductions	Decreased by Payments	Balance Dec. 31, 2017
	\$	\$	\$	\$
Federal Taxes		\$ 1,145,781.27	\$ 1,145,781.27	
Garnishee		68,542.04	68,542.04	
Deferred Compensation and Insurance		43,978.64	43,978.64	
Health Benefits		266,341.43	266,341.43	
N.J. Gross Income Tax		143,361.99	143,361.99	
Net Pay		2,475,276.09	2,475,276.09	
Police and Firemen's Retirement System	1,196.38	601,213.30	601,213.02	1,196.66
Public Employees' Retirement System	263.45	419,051.35	419,135.33	179.47
Defined Retirement	402.75	5,413.62	5,660.43	155.94
State Unemployment and Disability		27,251.54	27,251.54	
Flexible Spending		923.28	923.28	
Union Dues		21,791.42	21,791.42	
	<u>1,862.58</u>	<u>5,218,925.97</u>	<u>5,219,256.48</u>	<u>1,532.07</u>
Other:				
Interfunds:				
Current Fund	2,003.46			2,003.46
Due from State of New Jersey			3,101.64	(3,101.64)
	<u>\$ 3,866.04</u>	<u>\$ 5,218,925.97</u>	<u>\$ 5,222,358.12</u>	<u>\$ 433.89</u>

BOROUGH OF BEACHWOOD

PART III

GENERAL COMMENTS

FOLLOW-UP OF PRIOR YEAR FINDINGS

FINDINGS/RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

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 by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (40A:11-3), except by contract or agreement.

Effective January 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Fireworks
- Gasoline
- Paving
- Water Main Replacement

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

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

- Auditor
- Bond Counsel
- Engineering Services (Multiple Purposes)
- Fee Accountant
- Financial Advisor
- Landfill Monitoring/Well Testing
- Legal Services (General and Labor)

GENERAL COMMENTS (CONTINUED)

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-5) (CONTINUED)

Municipal Prosecutor
Police Officer Training
Public Defender

CHANGE ORDERS PURSUANT TO N.J.A.C. 5:30-11.9 ET SEQ.

None

CONTRACTS OR AGREEMENTS NOT REQUIRED TO BE ADVERTISED ADVERTISED PER N.J.S.A. 40A:11-6.1

N.J.S.A. 40A:11-6.1 states "For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c.198 (C.40A11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor."

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 4, 2017 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED by the Mayor and Council of Beachwood that the rate of interest to be charged on delinquent taxes and assessments is to be 8% on the first \$1,500.00 and 18% on any amount thereafter. Any amount sold on tax sale is to be charged the entire 18% for the full amount.

BE IT FURTHER RESOLVED that the rate of interest on delinquent water bills is to be 18% per state statute.

BE IT FURTHER RESOLVED that the grace period allowed for payment of interest shall not exceed 10 calendar days of the due date and thereafter. The interest shall be charged from the date due to the date paid.

GENERAL COMMENTS (CONTINUED)

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (CONTINUED)

BE IT RESOLVED by the Mayor and Council of the Borough of Beachwood, County of Ocean and State of New Jersey, that in accordance with the amendment to N.J.S.A. 54:4-67, the Tax Collector is hereby authorized to charge an additional penalty of 6% for any delinquency that remains in arrears past December 31, 2017 that is in excess of \$10,000.00.

It appears from an examination of the Collector's and Water Utility Clerk's records that interest was collected in accordance with the foregoing resolution.

TAX TITLE LIENS

The last tax sale was held on November 17, 2017 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEAR</u>	<u>NUMBER</u>
2017	32
2016	30
2015	28
2014	32
2013	32

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2017 Taxes	50
Delinquent Taxes	50
Payment of Water Utility Rents	50
Delinquent Water Utility Rents	25

The results of the test are not yet known, but a separate report will be issued if any irregularities are developed. For those verification notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure where possible.

GENERAL COMMENTS (CONTINUED)

MISCELLANEOUS

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Chief Financial Officer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittance of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Borough Clerk.

Individual payments of the Local, Regional and/or Consolidated School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for year 2017.

In our verification of expenditures, no attempt was made to establish proof of rendition, character or extent of services nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

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

There was one, (1) finding identified in the 2016 audit of the Borough. The finding was not considered to be a material weakness. As to whether the finding was resolved in 2017, the Borough did not take corrective action on the 2016 audit finding in 2017. This finding appears as a Finding for the period under audit.

OTHER COMMENTS

Other Post-Employment Benefits

The Borough did not have the required information available for the note disclosure on Other Post-Employment Benefits. GASB Statement #45 requires that certain information pertaining to Other Post-Employment Benefits be included in the Notes to the Financial Statements. However, it is Management's belief that the cost to compile the information necessary to make the disclosure would far outweigh any benefit derived from the making of the disclosure itself.

RECOMMENDATIONS

*That disclosures required by GASB Statement #45 be prepared and included in the Notes to the Financial Statements.

*Unresolved 2016 Audit Recommendation

