

BOROUGH OF BRIELLE
COUNTY OF MONMOUTH
DECEMBER 31, 2017

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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COUNTY OF MONMOUTH
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COUNTY OF MONMOUTH

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**Part I – Auditor’s Report on the Borough Financial Statements,
Financial Statements and Notes to Financial Statements**

1.

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Brielle
County of Monmouth
Brielle, New Jersey 08730

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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

Opinion

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2017 and 2016, the changes in financial position, or where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic consolidated financial statements.

However, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough, as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the consolidated statements of revenues – regulatory basis and consolidated statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2017 on the basis of accounting described in Note 1.

Report on Other Legal and Regulatory Requirements

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

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

Robert A. Hulsart and Company

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

May 15, 2018

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

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	A-4	\$ 3,944,558.51	1,489,284.59
Change Funds		1,150.00	1,150.00
Petty Cash		250.00	250.00
Bond Anticipation Notes - Investment Water Sewer Capital		132,617.47	
Bond Anticipation Notes - Investment General Capital	C,D	2,171,639.99	1,828,487.15
		<u>6,250,215.97</u>	<u>3,319,171.74</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	284,439.35	327,141.44
Tax Title Liens	A-6a	6,447.30	7,080.46
Liens on Clearing Lots		500.00	500.00
Foreclosed Property		42,900.00	42,900.00
Revenue Accounts Receivable	A-7	12,382.30	10,953.46
Accounts Receivable - Salt Interlocal	A-4	14,482.16	14,482.16
	Contra	<u>361,151.11</u>	<u>403,057.52</u>
Deferred Charges:			
Refunding Bonds N.J.S.A. 40A;2.51	A-4		94,000.00
Emergency per N.J.S.A. 40A; 4-53	A-3	40,000.00	80,000.00
		<u>40,000.00</u>	<u>174,000.00</u>
Total Current Fund		<u>6,651,367.08</u>	<u>3,896,229.26</u>
<u>Federal and State Grants</u>			
State Funds:			
Cash	A-4	186,543.22	175,520.58
Interfund Current	A-4	1,622.78	
		<u>188,166.00</u>	<u>175,520.58</u>
Total Assets		<u>\$ 6,839,533.08</u>	<u>4,071,749.84</u>

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

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Due State Veterans and Senior Citizens	A-6	\$ 8,673.22	6,819.03
Reserve for Pit Bull	A-13	700.00	700.00
Refunding Bonds N.J.S.A. 40A;2.51	A-12		94,000.00
Interfund-Grants	A-15	1,622.78	
Reserve for Hurricane Sandy	A-13	32,451.32	3,639.30
Cash Held to Pay Bonds	A-3		23,500.00
Emergency Notes	A-11	40,000.00	80,000.00
Appropriation Reserves	A-3-10	839,197.37	620,194.67
Reserve For Library Aid	A-13	1,448.00	1,448.00
Interlocal-Gasoline	A-4	135,869.47	111,122.49
Encumbrances	A-3-10	85,710.91	35,914.83
Prepaid Taxes	A-4	2,727,275.98	193,307.29
Added County Taxes	A-8	22,579.31	22,337.58
Local District School Tax Payable	A-9	918,779.26	833,720.26
Prepaid Licenses	A-4	2,850.00	2,850.00
Accounts Payable		2,059.20	1,559.20
Revaluation Reserve	A-13	22,360.00	22,360.00
		<u>4,841,576.82</u>	<u>2,053,472.65</u>
Reserve for Receivables	Contra	361,151.11	403,057.52
Fund Balance	A-1	<u>1,448,639.15</u>	<u>1,439,699.09</u>
Total Current Fund		<u>6,651,367.08</u>	<u>3,896,229.26</u>
<u>Federal and State Grants</u>			
State Funds:			
Appropriated Reserves	A-14	155,883.05	147,567.36
Unappropriated Reserves	A-15	32,282.95	27,953.22
		<u>188,166.00</u>	<u>175,520.58</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,839,533.08</u>	<u>4,071,749.84</u>

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**Exhibit A-1****COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE****IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,365,000.00	1,300,000.00
Miscellaneous Revenue Anticipated	A-2	774,919.55	776,582.16
Receipts from Delinquent Taxes	A-2	299,884.48	333,928.47
Receipts from Current Taxes	A-2	24,187,760.55	23,690,174.56
Tax title Liens	A-6a	1,266.32	
Non-Budget Revenue	A-2	296,740.87	264,216.46
Other Credits to Income:			
Appropriations Cancelled	A-3		140.42
Unexpended Balance of Appropriation Reserves	A-10	458,524.94	420,489.50
		<u>27,384,096.71</u>	<u>26,785,531.57</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	3,216,810.53	3,024,661.00
Other Expenses	A-3	3,673,773.64	3,611,334.60
Capital Improvements	A-3	10,000.00	35,000.00
Debt Service	A-3	495,740.00	521,055.00
Deferred Charges and Statutory Expenditures	A-3	843,323.00	835,612.00
County Taxes	A-8	4,254,106.17	4,123,420.64
Added County Taxes	A-8	22,579.31	22,337.58
Local District School Taxes	A-9	13,493,824.00	13,258,047.00
Prior Years Revenue	A-8		5,303.89
		<u>26,010,156.65</u>	<u>25,436,771.71</u>
Excess in Revenue		1,373,940.06	1,348,759.86
Fund Balance January 1	A	<u>1,439,699.09</u>	<u>1,390,939.23</u>
		2,813,639.15	2,739,699.09
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>1,365,000.00</u>	<u>1,300,000.00</u>
Fund Balance December 31	A	<u>\$ 1,448,639.15</u>	<u>1,439,699.09</u>

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - DECEMBER 31, 2017

REGULATORY BASIS

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance	A-1	\$ 1,365,000.00	1,365,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-7	19,500.00	21,412.50	1,912.50
Other	A-7	6,700.00	14,446.00	7,746.00
Fees and Permits	A-7	31,000.00	40,573.85	9,573.85
Interest and Costs on Taxes	A-4	75,000.00	65,137.90	(9,862.10)
Municipal Court Fines and Costs	A-7	105,000.00	169,630.81	64,630.81
Interest on Investments and Deposits	A-7	1,000.00	1,781.79	781.79
Energy Receipts Taxes (P.L. 1997 Chapter 162 & 167)	A-7	296,018.00	296,018.00	-
Uniform Code Construction Fees	A-7	80,000.00	110,735.00	30,735.00
Recycling Tonnage Grant	A-14	8,928.27	8,928.27	-
Clean Communities	A-14	13,591.64	13,591.64	-
Drunk Driving Enforcement Fund	A-14	3,810.53	3,810.53	-
Body Armor	A-14	1,622.78	1,622.78	-
Cash Held to Pay Debt	A-7	23,500.00	23,500.00	-
Uniform Fire Safety Act	A-7	5,500.00	3,730.48	(1,769.52)
Total Miscellaneous Revenues	A-1	671,171.22	774,919.55	103,748.33
Receipts from Delinquent Taxes	A-1	300,000.00	299,884.48	(115.52)
		2,336,171.22	2,439,804.03	103,632.81
Amount to be Raised by Local Taxes for Support of				
Municipal Budget Including Reserve for Uncollected Taxes	A-2	6,575,460.85	7,089,235.97	513,775.12
		\$ 8,911,632.07	9,529,040.00	617,407.93
Non-Budget Revenue	A-2		296,740.87	
			\$ 9,825,780.87	

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**CURRENT FUND****STATEMENT OF REVENUES - DECEMBER 31, 2017****Exhibit A-2****Sheet 2 of 2****REGULATORY BASIS**

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections	A-1	\$ 24,187,760.55
Allocated to School and County Taxes	A-5	<u>17,770,509.48</u>
		6,417,251.07
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>671,984.90</u>
Amount for Support of Municipal Budget	A-2	<u><u>\$ 7,089,235.97</u></u>
 <u>Analysis of Non-Budget Revenues</u>		
Other:		
Cable Franchise Fee		\$ 56,497.00
Division of Motor Vehicles		20,715.00
JIF & HIF Dividends		112,875.63
ODP		28,355.00
Verizon & AT& T		61,900.74
Other		<u>16,397.50</u>
	A-4	<u><u>\$ 296,740.87</u></u>

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2017

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages	\$ 240,000.00	240,000.00	219,010.36	20,989.64	
Other Expenses	65,000.00	65,000.00	54,499.41	10,500.59	
Financial Administration					
Other Expenses	40,000.00	40,000.00	10,881.88	29,118.12	
Assessment of Taxes					
Salaries and Wages	30,000.00	30,000.00	25,500.02	4,499.98	
Other Expenses	17,500.00	17,500.00	13,738.54	3,761.46	
Collection of Taxes					
Salaries and Wages	110,000.00	110,000.00	91,749.84	18,250.16	
Other Expenses	12,000.00	12,000.00	11,907.84	92.16	
Legal Services and Costs					
Other Expenses	160,000.00	160,000.00	120,892.43	39,107.57	
Municipal Prosecutor					
Other Expenses	25,000.00	25,000.00	17,500.00	7,500.00	
Municipal Court					
Salaries and Wages	42,000.00	42,000.00	39,399.88	2,600.12	
PEOSHA Bloodborne Pathogen Regulations	3,500.00	3,500.00	23.00	3,477.00	
Engineering Services and Costs					
Other Expenses	70,000.00	70,000.00	30,889.80	39,110.20	
Public Buildings and Grounds					
Other Expenses	90,000.00	90,000.00	84,780.21	5,219.79	
Municipal Land Use Law (N.J.S.A. 40A:55D-1)				-	
Other Expenses	14,000.00	14,000.00	4,347.76	9,652.24	

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2017REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Planning Board					
Salaries and Wages	10,000.00	10,000.00	10,000.00	-	
Other Expenses	15,000.00	15,000.00	10,349.99	4,650.01	
Shade Tree Commission					
Other Expenses	10,000.00	10,000.00	10,000.00	-	
Environmental Commission (N.J.S.A. 40:56A-1)					
Other Expenses	1,000.00	1,000.00	318.56	681.44	
Mercantile License Inspector					
Salaries and Wages	5,500.00	5,500.00	4,000.10	1,499.90	
Other Expenses	300.00	300.00		300.00	
Insurance					
General Liability	132,000.00	132,000.00	132,000.00	-	
Workmen's Compensation	143,000.00	143,000.00	135,474.60	7,525.40	
Employee Group Health	870,000.00	870,000.00	822,898.95	47,101.05	
<u>Health and Welfare</u>					
Board of Health					
Salaries and Wages	3,000.00	3,000.00	2,250.04	749.96	
Other Expenses	1,000.00	1,000.00	124.00	876.00	
Ch. 329 P.L. 1975 Health Services - Contract	50,000.00	50,000.00	50,000.00	-	
Recreation					
Salaries and Wages	37,000.00	37,000.00	35,651.74	1,348.26	
Other Expenses	25,000.00	25,000.00	25,000.00	-	
Dog Regulation					
Other Expenses	11,500.00	11,500.00	11,500.00	-	
Public Event - Other Expenses	3,500.00	3,500.00	50.00	3,450.00	
Brielle Borough Historian					
Other Expenses	2,500.00	2,500.00	1,641.93	858.07	

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2017

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Public Safety					
Fire Company					
Other Expenses	36,000.00	36,000.00	29,484.19	6,515.81	
Fire Protection Official					
Salaries and Wages	10,000.00	10,000.00	2,769.21	7,230.79	
Other Expenses	3,000.00	3,000.00	418.50	2,581.50	
Life Hazard Fees	5,330.95	5,330.95	5,330.95	-	
Police					
Salaries and Wages	2,020,000.00	2,020,000.00	1,910,736.19	109,263.81	
Other Expenses	182,000.00	182,000.00	160,472.56	21,527.44	-
Other Expenses - Police Car	65,000.00	65,000.00	48,390.63	16,609.37	
Other Expenses - Deferred Sick Leave	50,000.00	50,000.00	36,934.87	13,065.13	
First Aid Organization					
Other Expenses	30,000.00	30,000.00	30,000.00	-	
Zoning Official					
Salaries and Wages	25,000.00	25,000.00	17,531.58	7,468.42	
Emergency Management Services					
Other Expenses	5,000.00	5,000.00	2,843.16	2,156.84	
Streets and Roads					
Salaries and Wages	450,000.00	450,000.00	372,830.59	77,169.41	
Other Expenses	75,000.00	75,000.00	74,998.15	1.85	
Vehicle Maintenance					
Other Expenses	50,000.00	50,000.00	34,520.85	15,479.15	

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 4 of 6

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2017

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Garbage and Trash					
Other Expenses	325,000.00	325,000.00	200,503.33	124,496.67	
Other Expenses - Contractual	185,000.00	185,000.00	161,644.63	23,355.37	
Recycling					
Salaries and Wages	220,000.00	220,000.00	190,379.15	29,620.85	
Storm Emergency					
Other Expenses	25,000.00	25,000.00	6,180.27	18,819.73	
<u>Utilities</u>					
Utilities	345,000.00	345,000.00	334,168.66	10,831.34	
<u>Appropriations Offset by Dedicated Revenues</u>					
Code Enforcement Official					
Salaries and Wages	10,500.00	10,500.00	10,500.00	-	
Other Expenses	1,500.00	1,500.00	607.03	892.97	
Total Operations Within Caps	<u>6,357,630.95</u>	<u>6,357,630.95</u>	<u>5,607,625.38</u>	<u>750,005.57</u>	<u>-</u>
<u>Deferred Charges and Statutory Expenditures</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	163,046.00	163,046.00	163,046.00	-	
Social Security System (O.A.S.I.)	225,000.00	225,000.00	217,476.35	7,523.65	
Police and Fireman's Retirement System of N.J.	415,277.00	415,277.00	415,277.00	-	
Total Deferred Charges and Statutory Expenditures	<u>803,323.00</u>	<u>803,323.00</u>	<u>795,799.35</u>	<u>7,523.65</u>	<u>-</u>
Total General Approp. for Municipal Purposes Within Caps	<u>7,160,953.95</u>	<u>7,160,953.95</u>	<u>6,403,424.73</u>	<u>757,529.22</u>	<u>-</u>

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2017

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Operations Excluded from Caps</u>					
Statutory Expenditures-Contribution to:					
Aid to Library N.J.S.A. 40:54-35	135,000.00	135,000.00	123,344.56	11,655.44	
LOSAP Payment	50,000.00	50,000.00	28,875.00	21,125.00	
Total Other Operations Excluded from Caps	185,000.00	185,000.00	152,219.56	32,780.44	-
<u>Interlocal Municipal Service Agreements:</u>					
County of Monmouth - Dispatching Services	75,000.00	75,000.00	68,549.69	6,450.31	
Borough of Manasquan - Municipal Court Services	135,000.00	135,000.00	125,344.78	9,655.22	
Construction Code - Interlocal	110,000.00	110,000.00	77,217.82	32,782.18	
Total Interlocal Municipal Service Agreements	320,000.00	320,000.00	271,112.29	48,887.71	-
<u>Public and Private Programs Offset by Revenues</u>					
Clean Communities					
Other Expenses	13,591.64	13,591.64	13,591.64		
Recycling Tonnage Grant					
Other Expenses	8,928.27	8,928.27	8,928.27		
Drunk Driving Enforcement					
Other Expenses	3,810.53	3,810.53	3,810.53		
Body Armor					
Other Expenses	1,622.78	1,622.78	1,622.78		
Total Public and Private Programs Offset by Revenues	27,953.22	27,953.22	27,953.22	-	
Total Operations Excluded from Caps	532,953.22	532,953.22	451,285.07	81,668.15	-
<u>Capital Improvements - Excluded from Caps</u>					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Total Capital Improvements Excluded from Caps	10,000.00	10,000.00	10,000.00		

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2017REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Municipal Debt Service - Excluded from Caps</u>					
Payment of Bond Anticipation Notes and Capital Notes	400,000.00	400,000.00	400,000.00		
Interest on Notes	800.00	800.00	800.00		
Refunding Bonds	94,000.00	94,000.00	94,000.00		
Interest on Refunding Bonds	940.00	940.00	940.00		-
Total Municipal Debt Service - Excluded from Caps	<u>495,740.00</u>	<u>495,740.00</u>	<u>495,740.00</u>	<u>-</u>	<u>-</u>
<u>Deferred Charges</u>					
Special Emergency Authorizations (N.J.S.: 40A; 4-55)	40,000.00	40,000.00	40,000.00		
Total General Appropriations for Municipal Purposes Excluded from Caps	<u>1,078,693.22</u>	<u>1,078,693.22</u>	<u>997,025.07</u>	<u>81,668.15</u>	<u>-</u>
Subtotal General Appropriations	<u>8,239,647.17</u>	<u>8,239,647.17</u>	<u>7,400,449.80</u>	<u>839,197.37</u>	<u>-</u>
Reserve for Uncollected Taxes	<u>671,984.90</u>	<u>671,984.90</u>	<u>671,984.90</u>		
Total General Appropriations	<u>\$ 8,911,632.07</u>	<u>8,911,632.07</u>	<u>8,072,434.70</u>	<u>839,197.37</u>	<u>-</u>
<u>Ref.</u>				A	A-1
Cash Disbursements					
Emergencies			\$ 7,246,785.67		
Encumbrances			40,000.00		
Grants			85,710.91		
Reserve for Uncollected Taxes			27,953.22		
			<u>671,984.90</u>		
			<u>\$ 8,072,434.70</u>		

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

BALANCE SHEET - TRUST FUND**REGULATORY BASIS****Exhibit B****DECEMBER 31**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 2,216.40	1,943.80
<u>Other Trust Funds</u>			
Cash-Other Trust	B-1	821,300.60	780,965.24
<u>Length of Service Award Programs - Unaudited</u>			
Investments		607,859.29	507,968.88
Total Assets		<u>\$ 1,431,376.29</u>	<u>1,290,877.92</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Dog Fund Expenditures	B-3	\$ 2,216.40	1,943.80
<u>Other Trust Funds</u>			
Reserve for:			
Tax Title Lien Redemption	B-5	1,154.49	750.00
Unemployment Insurance	B-7	9,478.53	9,694.46
Road Opening Deposits	B-4	79,674.88	73,674.88
Recreation	B-8	161,035.52	142,696.04
Law Enforcement	B-6	4,444.04	4,547.24
P.O.A.A.	B-14	1,426.00	1,356.00
Sick Leave	B-9	82,508.00	82,508.00
Tax Premium	B-10	189,300.00	185,300.00
Inspection Fees	B-11	7,259.00	7,259.00
Recycling	B-12	11,171.77	4,487.59
Police Equipment	B-13	4,963.22	
Public Defender	B-16	1,615.50	1,495.00
Builder's Escrow	B-15	267,269.65	267,197.03
		<u>821,300.60</u>	<u>780,965.24</u>
<u>Length of Service Award Programs - Unaudited</u>			
Reserve for Length of Service Award Programs		607,859.29	507,968.88
Total Liabilities and Reserves		<u>\$ 1,431,376.29</u>	<u>1,290,877.92</u>

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

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Deferred Charges to Future Taxation - Unfunded	C-3	\$ 3,385,656.05	3,405,656.05
Total Assets		<u>\$ 3,385,656.05</u>	<u>3,405,656.05</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Bond Anticipation Notes	C-5	\$ 2,171,639.99	1,792,724.95
Capital Improvement Fund	C-2	343,421.00	353,421.00
Accounts Payable	C-4		155,171.00
Improvement Authorization:			
Unfunded	C-4	840,615.11	1,074,359.15
Reserve for Beach Grant	C-2	29,000.00	29,000.00
Fund Balance	C-a	<u>979.95</u>	<u>979.95</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,385,656.05</u>	<u>3,405,656.05</u>

There were Bonds and Notes Authorized and Unissued in the amount of \$1,214,016.06 (Exhibit C-6) as of December 31, 2017 and \$1,612,931.10 at December 31, 2016.

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

STATEMENT OF FUND BALANCE**Exhibit C-a**

	<u>Ref.</u>	
Balance December 31, 2017 and 2016	C	<u>\$ 979.95</u>

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY****Exhibit D
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
<u>Operating Section</u>			
Cash	D-4	\$ 405,627.36	251,738.59
Change Fund		100.00	100.00
		<u>405,727.36</u>	<u>251,838.59</u>
Consumer Accounts Receivable	D-6	<u>136,899.62</u>	<u>54,062.11</u>
Deferred Charges			
Appropriation without an Expenditure	D-4		<u>62,427.56</u>
		<u>\$ 542,626.98</u>	<u>368,328.26</u>
<u>Capital Section</u>			
Fixed Capital	D-10	6,747,517.75	6,744,392.75
Fixed Capital Authorized and Uncompleted		<u>6,000,000.00</u>	<u>6,000,000.00</u>
		<u>\$ 12,747,517.75</u>	<u>12,744,392.75</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Section</u>			
Liabilities:			
Appropriation Reserves	D-3-7	\$ 66,626.24	78,555.32
Utility Overpayments	D-4	5,411.00	5,411.00
Accrued Interest on Bonds	D-8	25,877.04	10,655.33
Encumbrances	D-3	<u>8,845.15</u>	<u>6,461.73</u>
Total Liabilities		106,759.43	101,083.38
Reserve for Receivables		136,899.62	54,062.11
Fund Balance	D-1	<u>298,967.93</u>	<u>213,182.77</u>
Total Operating Section		<u>\$ 542,626.98</u>	<u>368,328.26</u>

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY****Exhibit D
Sheet 2 of 2****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance - (Continued)</u>			
<u>Capital Section</u>			
Serial Bonds	D-12	4,488,199.95	4,794,592.19
Capital Improvement Fund	D-5	5,000.00	
Bond Anticipation Notes	D-13	132,617.47	35,762.20
Improvement Authorizations:			
Funded	D-11	530,579.88	632,435.15
Unfunded	D-1	727,702.00	727,702.00
Reserve for Amortization	D-9	6,863,219.31	6,174,052.25
Deferred Reserve for Amortization	D-11a		379,649.82
Fund Balance	D-a	199.14	199.14
Total Capital Section		<u>\$ 12,747,517.75</u>	<u>12,744,392.75</u>

There were Bonds and Notes of \$1,025,742.50 Authorized but not Issued at December 31, 2017 and at December 31, 2016.

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

STATEMENT OF WATER-SEWER UTILITY CAPITAL FUND BALANCE**Exhibit D-a**

	<u>Ref.</u>	
Balance December 31, 2017 and 2016	D	<u>\$ 199.14</u>

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

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

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income</u>			
Surplus Anticipated	D-2	\$ 87,959.13	92,764.71
Water and Sewer Rents	D-2	2,430,264.36	2,307,959.72
Non-Budget Revenue	D-2	20,222.78	7,988.07
Appropriations Cancelled		0.10	
Appropriation Reserves Balances Lapsed	D-7	74,749.05	22,818.61
		<u>2,613,195.42</u>	<u>2,431,531.11</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	D-3	350,000.00	360,000.00
Other Expenses	D-3	165,000.00	165,000.00
Payments to South Monmouth Regional			
Sewerage Authority	D-3	536,000.00	490,000.00
N.J. Water Supply Authority	D-3	185,000.00	180,000.00
Manasquan River Treatment and			
Transmission System	D-3	682,500.00	683,000.00
Infiltration Study	D-3	600.00	600.00
Group Insurance Plan for Employees	D-3	5,000.00	25,000.00
Capital Improvement Fund		5,000.00	
Capital Outlay	D-3	25,000.00	25,000.00
Debt Service	D-3	383,923.57	300,864.50
Deferred Charges and Statutory Expenditures	D-3	39,000.00	39,000.00
Operating Deficit	D	62,427.56	4,300.21
		<u>2,439,451.13</u>	<u>2,272,764.71</u>
Excess in Revenue		173,744.29	158,766.40
Fund Balance January 1	D	213,182.77	147,181.08
		<u>386,927.06</u>	<u>305,947.48</u>
Decreased by:			
Utilized as Anticipated Revenue	D-1	87,959.13	92,764.71
Fund Balance December 31	D	<u>\$ 298,967.93</u>	<u>213,182.77</u>

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D-2****STATEMENT OF REVENUES - DECEMBER 31, 2017****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 87,959.13	87,959.13	
Rents - Water	D-1	1,600,000.00	1,288,314.22	(311,685.78)
Rents - Sewer	D-1	651,492.00	539,088.86	(112,403.14)
		2,339,451.13	1,915,362.21	(424,088.92)
Rate Fees By Ordinance		100,000.00	100,000.00	
Delayed Fees Received in Jan 2018	D-1		502,861.28	502,861.28
		<u>\$2,439,451.13</u>	<u>2,518,223.49</u>	<u>78,772.36</u>

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

BOROUGH OF BRUELLE - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-3

STATEMENT OF EXPENDITURES - DECEMBER 31, 2017

REGULATORY BASIS

	Budget	Total for 2017 as Modified by All Transfers	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 350,000.00	350,000.00	345,296.47	4,703.53	
Other Expenses	165,000.00	165,000.00	153,567.18	11,432.82	
N.J. Water Supply Authority	185,000.00	185,000.00	177,446.39	7,553.61	
South Monmouth Regional Sewerage Authority	536,000.00	536,000.00	531,944.92	4,055.08	
Monmouth County Improvement Authority	682,500.00	682,500.00	682,466.51	33.49	
Infiltration Study	600.00	600.00		600.00	
Group Insurance Plan for Employees	5,000.00	5,000.00	2,440.00	2,560.00	
Capital Improvements				-	
Capital Improvement fund	5,000.00	5,000.00	5,000.00		
Capital Outlay	25,000.00	25,000.00	3,125.00	21,875.00	
Debt Service:					
Payment of Bond Principal	70,000.00	70,000.00	70,000.00		
Interest on Bonds	11,865.00	11,865.00	11,865.00		
Interest on Loans	65,666.33	65,666.33	65,666.33		
Principal on Loans	236,392.24	236,392.24	236,392.14		0.10
Deferred Charges & Statutory Expenditures:					
Social Security System	39,000.00	39,000.00	25,187.29	13,812.71	
Deficit in Operations in Prior Years	62,427.56	62,427.56	62,427.56		
Total Water-Sewer Utility Appropriation	\$ 2,439,451.13	2,439,451.13	2,372,824.79	66,626.24	0.10
	D-2			D	
<u>Analysis of Paid or Charged</u>					
Accrued Interest on Bonds and Notes	D-8		\$ 77,531.33		
Deficit in Operations	D		62,427.56		
Disbursed	D-4		2,232,865.90		
			\$ 2,372,824.79		

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**BALANCE SHEET - PUBLIC ASSISTANCE FUND****Exhibit E****REGULATORY BASIS****DECEMBER 31**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ 5,638.37	5,638.37
<u>Reserves</u>		
Reserve for Public Assistance I	\$ 5,638.37	5,638.37

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

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**BALANCE SHEET - GENERAL FIXED ASSETS****Exhibit F****REGULATORY BASIS****DECEMBER 31**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Buildings and Building Improvements	\$ 4,712,691.00	4,712,691.00
Machinery and Equipment	<u>4,840,593.00</u>	<u>4,840,593.00</u>
Total General Fixed Assets	<u>\$ 9,553,284.00</u>	<u>9,553,284.00</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 9,553,284.00</u>	<u>9,553,284.00</u>

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

BOROUGH OF BRIELLE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Borough of Brielle, County of Monmouth, 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 Government Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2017.

B. Description of Funds

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

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

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

Animal Control Trust Fund – animal license revenues and expenditures.

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

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

1. Summary of Significant Accounting Policies (Continued)

B. Description of Funds (Continued)

Water-Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

The Borough applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

General Fixed Assets Fund – account for fixed assets.

Grant Funds – account for Federal and State grants.

C. Basis of Accounting

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

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

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.

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.

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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 that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2017 is set forth in Note 20.

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

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.

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

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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

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

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

No depreciation has been provided for in the financial statements.

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

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

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

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 represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. Financial Statements

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

E. Budgets and Budgetary Accounting

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

2. Long-Term Debt

Summary of Municipal Debt

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 2,171,639.99	1,792,724.95	1,557,168.29
Water-Sewer Utility:			
Bonds and Notes	<u>4,626,166.41</u>	<u>4,830,354.39</u>	<u>5,455,629.62</u>
Total Issued	<u>6,797,806.40</u>	<u>6,623,079.34</u>	<u>7,012,797.91</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,214,016.06	1,612,931.10	807,337.76
Water-Sewer Utility:			
Bonds and Notes	<u>1,025,742.50</u>	<u>1,025,742.50</u>	<u>2,498,040.50</u>
Total Authorized but not Issued	<u>2,239,758.56</u>	<u>2,638,673.60</u>	<u>3,305,378.26</u>
Other Debt:			
Hurricane Emergency Notes	40,000.00	80,000.00	120,000.00
Refunding Notes	<u> </u>	<u>94,000.00</u>	<u>211,500.00</u>
Total Other Debt	<u>40,000.00</u>	<u>174,000.00</u>	<u>331,500.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 9,077,564.96</u>	<u>9,435,752.94</u>	<u>10,649,676.17</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.242%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,600,000.00	1,600,000.00	
Water-Sewer Utility Debt	5,651,908.91		5,651,908.91
General Debt	<u>3,425,656.05</u>	<u> </u>	<u>3,425,656.05</u>
	<u>\$ 10,677,564.96</u>	<u>1,600,000.00</u>	<u>9,077,564.96</u>

Net Debt \$9,077,564.96 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$1,447,297,375.00 = 0.63%.

2. Long-Term Debt (Continued)

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

3 ½ of Equalized Valuation Basis (Municipal)	\$ 52,655,443.12
Net Debt	<u>9,077,564.96</u>
Remaining Borrowing Power	<u>\$ 43,577,878.16</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding for 5 Years and Investments of 5 Years Thereafter (5% Interest)

Bonds Payable

Bonds are authorized in accordance with state law by ordinance of the governing body. All bonds are retired in serial installments within the statutory period of usefulness.

Water-Sewer

Serial bonds dated 4/11/80 payable in annual installments through 4/11/20 interest is paid semi-annually at 5%. The balance remaining at December 31, 2017 was \$202,300.00.

Serial bonds dated 5/21/14 payable in annual installments through 8/1/33 interest is paid Semi-annually at 3% to 5%. The balance remaining at December 31, 2017 was \$ 765,000.00.

Serial bonds dated 5/21/14 payable in semi-annual installments through 8/1/33 with no interest. The balance remaining at December 31, 2017 was \$2,153,288.20

Serial bonds dated 5/2/2016 payable in annual installments through 8/1/35 interest is paid Semi-Annually at 3% to 5%. The balance remaining at December 31, 2017 was \$345,000.00

Serial bonds dated 5/2/2012 payable semi-Annual installments through 8/1/35 with no interest. The balance remaining at December 31, 2017 was \$1,022,611.75

2. Long-Term Debt (Continued)**Water-Sewer Utility**

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Water-Sewer Utility</u>
2018	\$ 311,392.24	56,306.25	367,698.49
2019	311,392.24	45,895.00	357,287.24
2020	308,692.24	39,895.00	348,587.24
2021	246,392.24	35,780.00	282,172.24
2022	246,392.24	33,030.00	279,422.24
2023-2027	1,291,961.20	123,552.00	1,415,513.20
2028-2032	1,331,961.20	65,725.00	1,397,686.20
2033-2035	<u>440,016.35</u>	<u>9,030.00</u>	<u>449,046.35</u>
	<u>\$ 4,488,199.95</u>	<u>409,213.25</u>	<u>4,897,413.20</u>

Short Term Debt

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

General Capital

<u>Ordinance Number</u>	<u>Description</u>	
1044	Various Improvements	\$ 317,500.00
1033	Various Improvements	342,000.00
996	Various Improvements	57,406.05
1022	Various Improvements	280,000.00
1008	Various Improvements	180,000.00
1042	Various Improvements	387,600.00
151	Various Improvements	<u>607,133.94</u>
		<u>\$ 2,171,639.99</u>

Water-Sewer Capital

8-13	Water Tower	<u>\$ 132,617.47</u>
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All of the above notes were held by the Current fund at no interest.

Summary of Debt Activity

	<u>Balance Jan. 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2017</u>
General Debt				
Bond Anticipation Notes	\$ 1,792,724.95	378,915.04		2,171,639.99
Water-Sewer Utility				
Serial Bonds	4,794,592.19		301,043.25	4,493,548.94
Bond Anticipation Notes	<u>35,762.20</u>	<u>96,855.27</u>		<u>132,617.47</u>
	<u>\$ 6,623,079.34</u>	<u>475,770.31</u>	<u>301,043.25</u>	<u>6,797,806.40</u>

3. Capital Leases

Fire department car for \$58,955.28 commencing 8/23/2017 for 9 months @ 5.50% interest with a balance of \$41,761.60 at 12/31/17.

Dump truck for \$117,000.00 commencing 8/1/2014 for 5 years @ 3.40% interest with a balance of \$40,477.60 at 12/31/17.

Police car for \$6,998.16 commencing 11/22/17 for 24 months @ 6% interest with a balance of \$33,914.98 at 12/31/17.

Police car for \$54,256.08 commencing 11/17/17 for 24 months @ 5.50% interest with a balance of \$49,734.74 at 12/31/17.

4. Analysis of Capital Leases

Year Ended 12/31/17

	<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Police Car	2018	\$ 18,499.08	17,040.19	1,458.89
	2019	<u>15,415.90</u>	<u>15,000.46</u>	<u>415.44</u>
		<u>\$ 33,914.98</u>	<u>32,040.65</u>	<u>1,874.33</u>
Police Car	2018	\$ 27,128.04	25,159.57	1,968.47
	2019	<u>22,606.70</u>	<u>22,047.78</u>	<u>558.92</u>
		<u>\$ 49,734.74</u>	<u>47,207.35</u>	<u>2,527.39</u>
Dump Truck	2018	\$ 25,564.80	24,607.93	956.87
	2019	<u>14,912.80</u>	<u>14,945.22</u>	<u>167.58</u>
		<u>\$ 40,477.60</u>	<u>39,553.15</u>	<u>1,124.45</u>
Fire Department Vehicle	2018	\$ 24,564.70	22,781.84	1,782.86
	2019	<u>17,196.90</u>	<u>16,886.54</u>	<u>310.36</u>
		<u>\$ 41,761.60</u>	<u>39,668.38</u>	<u>2,093.22</u>

Summary of Capital Leases

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 95,756.62	89,589.53	6,167.09
2019	<u>70,332.30</u>	<u>68,880.00</u>	<u>1,452.30</u>
	<u>\$ 166,088.92</u>	<u>158,469.53</u>	<u>7,619.39</u>

5. Fund Balances Appropriated

Fund balances at December 31, 2017 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018, were as follows:

Current Fund	\$ 1,235,000.00
Water-Sewer Utility	0

6. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the Borough had the following deferred charges:

Current:

Revaluation	\$ 40,000.00
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7. Pensions

Employees who are eligible for a pension plan are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of State of New Jersey. The three State-administered plans are: (1) the Public Employee's Retirement System; (2) the Consolidated Police and Firemen's Pension Fund, and (3) the Police and Firemen's Retirement System. The Division annually charge municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employee's. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$578,323.00 for 2017 and \$606,360.00 for 2016.

Borough employees are also covered by the Federal Insurance Contribution Act.

8. Cash and Cash Equivalents

A. Deposits

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

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

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

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

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

8. Cash and Cash Equivalents (Continued)

B. Investments

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

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

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

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

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.

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

8. Cash and Cash Equivalents (Continued)

C. Cash Management Plan

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

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

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

D. Credit Risk Categories

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Insured:		
FDIC	\$ 280,037.26	276,787.29
GUDPA	<u>5,717,475.50</u>	<u>5,314,373.90</u>
	<u>\$ 5,997,512.76</u>	<u>5,591,161.19</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.

9. Taxes Collected in Advance

Taxes 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	<u>\$ 2,727,275.98</u>	<u>193,307.29</u>

10. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (Collector) on or before May 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 installments on August 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 subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

11. Deferred Charges to Future Taxation Funded and Unfunded

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

12. School Taxes

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.

	<u>Local District School Tax</u>	
	<u>Balance December 31</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 4,338,005.38	4,252,946.38
Deferred	<u>3,419,226.12</u>	<u>3,419,226.12</u>
Tax Payable	<u>\$ 918,779.26</u>	<u>833,720.26</u>

13. Fair Values of Financial Instruments

The following methods and assumptions were used by the Borough of Brielle in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

Short-term Investments: The fair values for short-term investments are at the amount of cash loan to the capital fund.

14. Litigation

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

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

15: Pension Obligations

A. Public Employee's Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

15: Pension Obligations (Continued)

Contributions – The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employers portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$163,046 for 2017.

Components of Net Pension Liability – At December 31, 2017, the Borough reported a liability of \$3,995,351 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of June 30, 2017, was .01716%, which was a decrease of .00038% from its proportion measured as of June 30, 2016.

	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>
Actuarial Valuation Date	July 1, 2017	July 1, 2016
Net Pension Liability	\$ 3,995,351	5,196,817
District's Portion of the Plan's Total Net Pension Liability	0.01716%	0.01755%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$159,000.

15: Pension Obligations (Continued)

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

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

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

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

15: Pension Obligations (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate

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

15: Pension Obligations (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 was calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>Decrease (4.00%)</u>	<u>Discount Rate (5.00%)</u>	<u>Increase (6.00%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 4,956,504	3,995,351	3,194,591

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

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

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

The following represents the membership tiers for PFRS:

<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 cash benefits would begin at age 55 equal to 2% of final compensation for each year of service.

15: Pension Obligations (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 pension contribution is based on an actuarially determined amount which includes the employers portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017 and 2016, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions for PFRS amounted to \$415,277 in 2017.

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

Components of Net Pension Liability – At December 31, 2017, the Borough reported a liability of \$7,188,773 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of December 31, 2017, was .04187%, which was a decrease of .00231% from its proportion measured as of December 31, 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	\$ 7,188,773	9,149,396
District's Portion of the Plan's Total Net Pension Liability	0.04187%	0.04419%

For the year ended December 31, 2017, the Borough had an allocated pension expense of \$412,111.

15: Pension Obligations (Continued)

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

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

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

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

15: Pension Obligations (Continued)

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate

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

15: Pension Obligations (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 was calculated using a discount rate that is 1 percentage point lower (5.14%) or 1 percentage point higher (7.14%) than the current rate:

	<u>Decrease (5.14%)</u>	<u>Discount Rate (6.14%)</u>	<u>Increase (7.14%)</u>
District's Proportionate Share Of Net Pension Liability	\$ 9,471,800	7,188,773	5,313,006

C. **Defined Contributions Retirement Program**

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

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

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

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

16. Risk Management

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

17. Deferred Compensation

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Borough through a program administrator, Valic. The police department plan is with AXA Adorians.

The compensation deferred under the program and all income attributable to these amounts are reported to the Borough by individual employee on a quarterly basis.

Federal law effective August 20, 1996 provides that deferrals under Section 457 are to be held in trust for the exclusive benefits of participants and their beneficiaries. This new trust did not have to be established before January 1, 1999. State legislation was introduced in December 31, 1996 to amend state statutes to reflect these changes. As of December 31, 2017, the Valic program has a balance of \$438,391.89 and the AXA program has a balance of \$280,695.14

18. Interlocal Service Agreement – Monmouth County

Effective January 1, 2001 the Borough has a contract with the County of Monmouth for dispatch services for police, fire and emergency medical services. The cost for 2018 will be \$75,000.00 and thereafter the cost will be determined by November 15th for the following year.

19. Interlocal Service Agreement – Construction Department

There is an interlocal agreement with other shore communities for a joint construction office located in the Borough of Spring Lake of which Brielle's share is \$110,000 for 2018 and \$110,000 for 2017.

20. Shared Services Agreement

For the year 2017 the Borough has a shared services agreement with the Borough of Manasquan for municipal court services at a cost of \$125,344.78, \$135,000.00 has been budgeted for 2018.

21. Compensated Absences

Police shall accumulate sick leave as per contract capped at 150 days of those hired prior to May 22, 1984, and 100 thereafter. If hired after January 1, 1988, two days must be accrued to earn one, again capped at 100 days. At December 31, 2017, the accrued sick leave was valued at \$251,271.65, with \$82,508.00 funded. \$50,000.00 has been funded in the 2018 budget.

22. Fixed Assets

The following schedule is a summarization of the changes in general fixed assets by source for the year ended December 31, 2017.

	<u>Equipment</u>	<u>Land & Buildings</u>
Beginning Balance January 1, 2017	<u>\$ 4,840,593.00</u>	<u>4,712,691.00</u>
Balance December 31, 2017	<u>\$ 4,840,593.00</u>	<u>4,712,691.00</u>

23. Interfund Receivables and Payables

There was one small interfund of \$1,622.78 between current and grants which will be liquidated during 2018.

24. Length of Service Award Program

On August 13, 2001 the voters of the Borough approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Borough's LOSAP plan, provided by Valic Variable Life Insurance Co. The purpose of this program is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Valic will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The program shall provide for a fixed annual contribution of \$750 for the fire company and the first aid squad to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 918. The Borough's contribution shall be included in the current year's budget.

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

Borough contributions for the year ended December 31, 2017 were \$28,875.00. The Borough's estimated contribution for the year ended December 31, 2018 is \$50,000.00. We will review the plan for the year ended December 31, 2017 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Standards for Accounting and Review Services in conjunction with the 2017 audit of the Borough's financial statements.

At December 31, 2017 the value of the plan is \$607,859.29

25: Significant Accounting Pronouncements

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

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

26: Water-Sewer Infrastructure Financing

In 2017 the Borough's second water tank was damaged and it was determined that it needed to be replaced. The Borough is in the process of determining the cost of this project but no financing has been completed to date.

Part II – Supplementary Data

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Tax Rate	\$ <u>1.654</u>	<u>1.651</u>	<u>1.663</u>
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.447	0.446	0.448
County	0.289	0.287	0.291
Local School	0.918	0.918	0.924
<u>Assessed Valuation</u>			
2017	\$1,470,792,200.00		
2016	1,444,143,300.00		
2015	1,410,052,700.00		

Calculation of "Self-Liquidating Purpose" Water-Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts From Fee,Rents or Other Charges for Year		\$2,518,223.49
Deductions:		
Operating and Maintenance Cost	\$2,025,527.56	
Debt Service Per Water-Sewer Account	<u>383,923.67</u>	
		<u>\$2,409,451.23</u>
Excess in Revenue		<u>\$108,772.26</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

The 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 tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Collection</u>
2017	\$ 24,459,318.80	24,187,760.55	98.89%
2016	24,004,716.76	23,690,174.56	98.69%
2015	23,522,882.69	23,180,114.02	98.54%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended Dec. 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	\$ 6,447.30	284,439.35	290,886.65	1.19%
2016	7,080.46	327,141.44	334,221.90	1.39%
2015	5,814.14	352,504.14	358,318.28	1.52%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$ 42,900.00
2016	42,900.00
2015	42,900.00

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2017	\$ 2,503,819.01	* 2,366,919.39
2016	2,279,933.50	* 2,307,959.72
2015	2,270,654.36	* 2,221,353.25

*Included collections against prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance December 31	Utilized in Budget of Succeeding Year
<u>Current Fund</u>			
	2017	\$ 1,448,639.15	1,235,000.00
	2016	1,439,699.09	1,365,000.00
	2015	1,390,939.23	1,300,000.00
<u>Water-Sewer Utility</u>			
	2017	298,967.93	-
	2016	213,182.77	88,430.56
	2015	147,181.08	92,764.71

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Thomas Nicol	Mayor	
Timothy Shaak	Councilman	
Michael A. Gianforte	Councilman	
Cort Gorham	Councilman	
John V. Visceglia	Councilman	
Paul K. Nolan	Councilman	
Frank A. Garruzzo	Councilman	
Thomas Nolan	Borough Clerk, Administrator Acting Chief Financial Officer	
Marie Higgins	* Court Administrator	
Colleen Castronova	Tax Collector and Tax Search Officer	\$ 1,000,000.00
Tina McDermott	Water Sewer Collector and Deputy Tax Collector	
Paul J. Capotorto	* Judge	
Nicholas Montenegro	Attorney	
Steven A. Zabarsky	Prosecutor	

The above bond was provided by the Monmouth County Municipal Joint Insurance Fund.

There was a Public Employees' Liability insurance policy in effect for the period under audit, in the amount of \$100,000.00. Coverage was supplied by the Monmouth County Joint Insurance Fund.

All of the bonds were examined and properly executed.

* Bonded by Borough of Manasquan under Joint Court.

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUND

SCHEDULE OF CURRENT FUND - CASH

	Ref.	Regular	Federal and State Grants
Balance December 31, 2016		\$ 1,489,284.59	175,520.58
Increased by Receipts:			
Grants	A-14,15		
Taxes Receivable	A-5	24,249,941.93	30,704.66
Veterans & Senior Citizens	A-6	46,250.00	
Gasoline Interlocal	A	128,147.59	
Prepaid Taxes	A	2,727,275.98	
FEMA	A	28,812.02	
Revenue Accounts Receivable	A-7	658,328.43	
Interest & Cost on Taxes	A-2	65,137.90	
Misc. Revenue Not Anticipated	A-2	296,740.87	
		28,200,634.72	30,704.66
		29,689,919.31	206,225.24
Decreased by Disbursements:			
2017 Appropriation	A-3	7,246,785.67	
Appropriation Reserves	A-10	197,584.56	
Gasoline Interlocal	A	52,367.07	
Tax Overpayments	A	6,681.91	
Grants	Contra, A-14		19,682.02
Water Sewer Capital Bond Anticipation Notes	C	96,854.97	
Capital Bond Anticipation Notes	A	429,240.33	
State Training Fees	A	9,781.77	
Salt Interlocal	A	20,380.77	
County Taxes	A-8	4,276,443.75	
Local School Taxes	A-9	13,408,765.00	
Marriage Licenses	A	475.00	
		25,745,360.80	19,682.02
Balance December 31, 2017	A	\$ 3,944,558.51	186,543.22

CURRENT FUNDSCHEDULE OF TAXES RECEIVABLE ANDANALYSIS OF PROPERTY TAX LEVY

	Balance Dec. 31, 2016	2017 Levy	Collections		Veterans and Senior Citizens	Transfer To Liens	Cancelled	Balance Dec. 31, 2017
	\$ 327,141.44		2016	2017				
Prior Year		24,459,318.80	193,307.29	299,884.48	44,395.81	633.16	13,742.70	27,256.96
2017								257,182.39
	\$ 327,141.44	24,459,318.80	193,307.29	24,249,941.93	44,395.81	633.16	13,742.70	284,439.35
Ref.	A		A	A-2	A-6	A-6A		A

Analysis of Tax Levy and Yield

2017 Levy	\$ 24,259,445.65
Added and Omitted Assessments	199,873.15
	<u>\$ 24,459,318.80</u>

Tax Yield

School Tax	A-9	\$ 13,493,824.00
County Taxes		
General County		\$ 3,768,610.06
County Library		264,100.39
County Open Space		221,395.72
Added County Taxes		<u>22,579.31</u>
	A-10	4,276,685.48
Local Tax for Municipal Purposes	A-2	6,575,460.85
Additional Tax Levied		<u>113,348.47</u>
		<u>6,688,809.32</u>
		<u>\$ 24,459,318.80</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-6****SCHEDULE OF DUE STATE OF NEW JERSEY****FOR VETERANS AND SENIOR CITIZENS**

	<u>Ref.</u>	
Balance December 31, 2016 (Due To)	A	\$ 6,819.03
Deductions Per Tax Billing:		
Senior Citizens Exemptions		\$ 2,500.00
Veterans		41,500.00
		<u>44,000.00</u>
Granted by Tax Collector		
Senior Citizen		145.81
Veterans		<u>250.00</u>
Total Deductions Per Tax Billing		<u>44,395.81</u> <u>(37,576.78)</u>
Decreased by:		
Cash Received	A-4	<u>46,250.00</u>
Balance December 31, 2017 (Due To)	A	<u><u>\$ 8,673.22</u></u>

SCHEDULE OF TAX TITLE LIENS**Exhibit A-6a**

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 7,080.46
Add:		
Transfer from 2017 Taxes	A-5	633.16
		<u>7,713.62</u>
Deduct:		
Cash Received	A-1-5	<u>1,266.32</u>
Balance December 31, 2017	A	<u><u>\$ 6,447.30</u></u>

CURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> Dec. 31, 2016	<u>Accrued</u> in 2017	<u>Collected</u>	<u>Balance</u> Dec. 31, 2017
<u>Clerk</u>					
<u>Licenses:</u>					
Alcoholic Beverages	A-2	\$	21,412.50	21,412.50	
Other	A-2		14,446.00	14,446.00	
		-	35,858.50	35,858.50	-
<u>Fees and Permits:</u>					
Other	A-2		40,573.85	40,573.85	
		-	40,573.85	40,573.85	-
<u>Other Revenues:</u>					
Uniform Construction Code Fees	A-2		110,735.00	110,735.00	
Uniform Fire Safety Act	A-2		3,730.48	3,730.48	
Municipal Court:					
Fines and Costs	A-2	10,953.46	171,059.65	169,630.81	12,382.30
Energy Receipts Taxes	A-2		296,018.00	296,018.00	
Cash Held to Pay Debt	A-2		23,500.00	23,500.00	
Interest on Investments	A-2		1,781.79	1,781.79	
		10,953.46	606,824.92	605,396.08	12,382.30
		\$ 10,953.46	683,257.27	681,828.43	12,382.30
Ref.	A			A-4	A
Cash				\$ 658,328.43	
Cash held to pay bonds				23,500.00	
				\$ 681,828.43	

CURRENT FUND**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 22,337.58
Increased by:			
2017 Levy:			
County Tax		\$ 3,768,610.06	
Library Tax		264,100.39	
Open Spaces Taxes		221,395.72	
Added County Taxes		<u>22,579.31</u>	
	A-1		<u>4,276,685.48</u>
			4,299,023.06
Decreased by:			
Disbursed	A-4		<u>4,276,443.75</u>
Balance December 31, 2017	A		<u>\$ 22,579.31</u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**Exhibit A-9**

	<u>Ref.</u>		
Balance December 31, 2016:			
Payable	A	\$ 833,720.26	
Deferred		<u>3,419,226.12</u>	
			4,252,946.38
Increased:			
Levy School Year July 1, 2017 to June 30, 2018	A-1		<u>13,493,824.00</u>
			17,746,770.38
Decreased by:			
Paid	A-4		<u>13,408,765.00</u>
Balance December 31, 2017:			
Payable	A	918,779.26	
Deferred		<u>3,419,226.12</u>	
			<u>\$ 4,338,005.38</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTHCURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2016	<u>Ref.</u> A		\$ 620,194.67
Increased by:			
Encumbrances	A		<u>35,914.83</u>
			656,109.50
Decreased by:			
Disbursed	A-4	\$ 197,584.56	
Cancelled to Operations	A-1	<u>458,524.94</u>	
			<u>\$ 656,109.50</u>

CURRENT FUNDSCHEDULE OF DEFERRED CHARGES

Date	Description	Amount Authorized	1/5th of Amount Authorized	Balance Dec. 31, 2016	Reduced 2017	Balance Dec. 31, 2017
11/23/2013	Revaluation	\$ 200,000.00	\$ 40,000.00	\$ 80,000.00	40,000.00	40,000.00
	Ref.			A	A,A-3	A

SCHEDULE OF REFUNDING BONDS

Date	Description	Amount Authorized	Balance Dec. 31, 2016	Funded 2017
8/7/2013	Tax Appeals	\$ 529,000.00	\$ 94,000.00	94,000.00
	Ref.		A	A-3

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF VARIOUS RESERVES

	<u>Ref.</u>	<u>Revaluation</u>	<u>FEMA</u>	<u>Pit Bull</u>	<u>Library Aid</u>	<u>Total</u>
Balance December 31, 2016	A	\$ 22,360.00	3,639.30	700.00	1,448.00	28,147.30
Increased by:						
Receipts			28,812.02			28,812.02
Balance December 31, 2017		\$ 22,360.00	32,451.32	700.00	1,448.00	56,959.32

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF APPROPRIATED RESERVES

FOR FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2016	Transferred from 2017 Budget	Expended	Received	Balance Dec. 31, 2017
D.W.I.	\$ 77,798.64	3,810.53	15,942.00		65,667.17
Clean Communities	15,399.12	13,591.64		44.49	29,035.25
Recycling Tonnage	(47.79)	8,928.27			8,880.48
State Transportation Grant	27,786.39				27,786.39
Share Grant	20,000.00				20,000.00
Body Armor	6,631.00	1,622.78	3,740.02		4,513.76
	<u>\$ 147,567.36</u>	<u>27,953.22</u>	<u>19,682.02</u>	<u>44.49</u>	<u>155,883.05</u>
Ref.	A	A-3	A-4	A-9	A

CURRENT FUND**Exhibit A-15****SCHEDULE OF UNAPPROPRIATED RESERVES FOR****FEDERAL AND STATE GRANTS**

	Balance	Transferred		Balance
	Dec. 31, 2016	to	Received	Dec. 31, 2017
		2017 Budget		
Driving While Intoxicated	\$ 3,810.53	3,810.53	3,661.35	3,661.35
Body Armor	1,622.78	1,622.78	1,622.78	1,622.78
Clean Communities	13,591.64	13,591.64	11,545.95	11,545.95
Recycling Tonnage	8,928.27	8,928.27	15,452.87	15,452.87
	<u>\$ 27,953.22</u>	<u>27,953.22</u>	<u>32,282.95</u>	<u>32,282.95</u>
Ref.	A	A-3,14	A-4	A

	<u>Ref.</u>	
Cash Receipts	A-4	\$ 30,660.17
Interfund Current	A	1,622.78
		<u>\$ 32,282.95</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF TRUST - CASH

	<u>Ref.</u>	<u>Dog Licenses</u>	<u>Other</u>
Balance December 31, 2016	B	\$ 1,943.80	780,965.24
Increased by Receipts:			
Dog License Fees	B-3	2,654.60	
State Registration Fees	B-2	301.80	
Road Opening Deposits	B-4		6,000.00
Tax Title Liens	B-5		404.49
Recreation Fees	B-8		100,474.66
Recycling	B-12		8,031.69
Tax Premium	B-10		4,000.00
Police Equipment	B-13		16,000.00
P.O.A.A.	B-14		70.00
Builder's Escrow	B-15		79,300.00
Public Defender Fund	B-16		1,920.50
		<u>2,956.40</u>	<u>216,201.34</u>
		4,900.20	997,166.58
Decreased by:			
State Registration Fees	B-2	301.80	
Dog License Fees	B-3	2,382.00	
Police Equipment	B-13		11,036.78
Unemployment	B-7		215.93
Recreation Fees	B-8		82,135.18
Public Defender	B-16		1,800.00
Law Enforcement Fund	B-6		103.20
Recycling	B-12		1,347.51
Builder's Escrow	B-15		79,227.38
		<u>2,683.80</u>	<u>175,865.98</u>
Balance December 31, 2017	B	\$ 2,216.40	821,300.60

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-2****SCHEDULE OF STATE REGISTRATION FEES**

	<u>Ref.</u>	
Increased by:		
Receipts	B-1	\$ 301.80
		<u> </u>
Decreased by:		
Disbursements	B-1	\$ 301.80
		<u> </u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**Exhibit B-3**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 1,943.80
Increased by:		
License Fees Collected	B-1	2,654.60
		<u> </u>
		4,598.40
Decreased by:		
Dog Expenditures Per R.S. 4:19-15.1	B-1	2,382.00
		<u> </u>
Balance December 31, 2017	B	\$ 2,216.40
		<u> </u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-4****SCHEDULE OF RESERVE FOR ROAD OPENING DEPOSITS**

Balance December 31, 2016	<u>Ref.</u> B	\$ 73,674.88
Increased by:		
Receipts	B-1	<u>6,000.00</u>
Balance December 31, 2017	B	<u><u>\$ 79,674.88</u></u>

SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTION**Exhibit B-5**

Balance December 31, 2016	<u>Ref.</u> B	\$ 750.00
Increased by:		
Receipts	B-1	<u>404.49</u>
Balance December 31, 2017	B	<u><u>\$ 1,154.49</u></u>

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FUND**Exhibit B-6**

Balance December 31, 2016	<u>Ref.</u> B	\$ 4,547.24
Decreased by:		
Disbursements	B-1	<u>103.20</u>
Balance December 31, 2017	B	<u><u>\$ 4,444.04</u></u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-7****SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE**

Balance December 31, 2016	<u>Ref.</u> B	\$ 9,694.46
Decreased by:		
Disbursements		<u>215.93</u>
Balance December 31, 2017		<u>\$ 9,478.53</u>

SCHEDULE OF RESERVE FOR BOARD OF RECREATION**COMMISSIONERS****Exhibit B-8**

Balance December 31, 2016	<u>Ref.</u> B	\$ 142,696.04
Increased by:		
Receipts	B-1	<u>100,474.66</u>
		243,170.70
Decreased by:		
Disbursements	B-1	<u>82,135.18</u>
Balance December 31, 2017	B	<u>\$ 161,035.52</u>

SCHEDULE OF RESERVE FOR SICK LEAVE**Exhibit B-9**

Balance December 31, 2016 and 2017	<u>Ref.</u>	<u>\$ 82,508.00</u>
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TRUST FUND**SCHEDULE OF RESERVE FOR TAX PREMIUM**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 185,300.00
Increased by:		
Receipts	B-1	<u>4,000.00</u>
Balance December 31, 2017	B	<u>\$ 189,300.00</u>

SCHEDULE OF RESERVE FOR INSPECTION FEES**Exhibit B-11**

	<u>Ref.</u>	
Balance December 31, 2016 and 2017	B	<u>\$ 7,259.00</u>

SCHEDULE OF RESERVE FOR RECYCLING**Exhibit B-12**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 4,487.59
Increased by:		
Receipts	B-1	<u>8,031.69</u>
		12,519.28
Decreased by:		
Disbursements	B-1	<u>1,347.51</u>
Balance December 31, 2017	B	<u>\$ 11,171.77</u>

SCHEDULE OF RESERVE FOR POLICE EQUIPMENT**Exhibit B-13**

	<u>Ref.</u>	
Increased by:		
Donations	B-1	\$ 16,000.00
Decreased by:		
Disbursements	B-1	<u>11,036.78</u>
Balance December 31, 2017	B	<u>\$ 4,963.22</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-14****SCHEDULE OF RESERVE FOR P.O.A.A.**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 1,356.00
Increased by:		
Receipts	B-1	<u>70.00</u>
Balance December 31, 2017	B	<u><u>\$ 1,426.00</u></u>

SCHEDULE OF RESERVE FOR BUILDER'S ESCROW**Exhibit B-15**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 267,197.03
Increased by:		
Receipts	B-1	<u>79,300.00</u>
		346,497.03
Decreased by:		
Disbursements	B-1	<u>79,227.38</u>
Balance December 31, 2017	B	<u><u>\$ 267,269.65</u></u>

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER**Exhibit B-16**

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 1,495.00
Increased by:		
Receipts	B-1	<u>1,920.50</u>
		3,415.50
Decreased By:		
Disbursements	B-1	<u>1,800.00</u>
Balance December 31, 2017	B	<u><u>\$ 1,615.50</u></u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTHCAPITAL FUND

Exhibit C-1

SCHEDULE OF CAPITAL CASH - 2017

	<u>Ref.</u>		
Increased by:			
Capital Improvement Fund	C-2	\$ 10,000.00	
Funded by Budget		130,000.00	
Bond Anticipation Notes	C-5	<u>648,915.04</u>	
			<u>788,915.04</u>
Decreased by:			
Expended Improvement Authorizations	C-4	<u>788,915.04</u>	
			<u>\$ 788,915.04</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CAPITAL FUND

Exhibit C-2

SCHEDULE OF CAPITAL CASH AND INVESTMENTS

<u>Description</u>	Balance Dec. 31, 2016	Receipts	Disbursed	Transfers		Balance Dec. 31, 2017
				From	To	
Fund Balance	\$ 979.95					979.95
Capital Improvement Fund	353,421.00	10,000.00		20,000.00		343,421.00
Reserve for Beach Grant	29,000.00					29,000.00
Accounts Payable-Board of Education	155,171.00			155,171.00		-
<u>Improvement Authorizations</u>						
1008 Various Improvements	15,187.43					15,187.43
1004 Various Improvements	42,925.38		5,200.00			37,725.38
996 Various Improvements	8.08					8.08
987 Various Improvements	15,849.92		495.00			15,354.92
12-1022 Various Improvements	3,768.80					3,768.80
13-1025 Various Improvements	(130,000.00)	130,000.00				-
14-1033 Various Improvements	(58,005.35)	41,781.10	11,160.00			(27,384.25)
15-1042 Various Improvements	198,180.68		82,845.25			115,335.43
16-151 Various Improvements	(626,486.89)	607,133.94	573,809.60		155,171.00	(437,991.55)
20-1059 Various Improvements			115,405.19		20,000.00	(95,405.19)
	\$ -	788,915.04	788,915.04	175,171.00	175,171.00	-

Ref.

C-1

C-1,C-4

C

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CAPITAL FUND

Exhibit C-3

SCHEDULE OF DEFERRED TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Paid in Budget	Balance Dec. 31, 2017	Notes Issued	Expended	Unexpended Authorization
996	Various Improvements	\$ 127,406.05		70,000.00	57,406.05	57,406.05		
1004	Various Improvements	417,500.00		100,000.00	317,500.00	317,500.00		
1008	Various Improvements	280,000.00		100,000.00	180,000.00	180,000.00		
12-1022	Various Improvements	280,000.00			280,000.00	280,000.00		
13-1025	Various Improvements	130,000.00		130,000.00	-			
14-1033	Various Improvements	342,000.00			342,000.00	342,000.00		
15-1042	Various Improvements	387,600.00			387,600.00	387,600.00		
16-151	Various Improvements	1,441,150.00			1,441,150.00	607,133.94	434,073.51	399,942.55
20-1059	Various Improvements		380,000.00		380,000.00		115,405.19	264,594.81
		<u>\$ 3,405,656.05</u>	<u>380,000.00</u>	<u>400,000.00</u>	<u>3,385,656.05</u>	<u>2,171,639.99</u>	<u>549,478.70</u>	<u>664,537.36</u>
Ref.	C		C-4	A-3	C	C-5	C-4	C-4

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CAPITAL FUND

Exhibit C-4

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Date	Amount	Balance Dec. 31, 2016		2017 Authorizations	Payables Cancelled	Expended	Balance Dec. 31, 2017	
				Unfunded	Ref.				Unfunded	Expended
996	Various Improvements	6/1/2009	\$ 410,000.00	\$ 8.08					8.08	
987	Various Improvements	5/12/2008	768,400.00	15,849.92				495.00	15,354.92	
1004	Various Improvements	4/26/2010	650,000.00	42,925.38				5,200.00	37,725.38	
1008	Various Improvements	4/25/2011	400,000.00	15,187.43					15,187.43	
12-1022	Various Improvements	8/16/2012	400,000.00	3,768.80					3,768.80	
14-1033	Various Improvements	5/20/2014	360,000.00	61,127.84				11,160.00	49,967.84	
15-1042	Various Improvements	6/9/2015	408,000.00	120,828.59			155,171.00	82,845.25	37,983.34	
16-151	Various Improvements	4/25/2016	1,677,000.00	814,663.11				573,809.60	396,024.51	
20-1059	Various Improvements	5/3/2017	400,000.00			400,000.00		115,405.19	284,594.81	
				<u>\$ 1,074,359.15</u>		<u>400,000.00</u>	<u>155,171.00</u>	<u>788,915.04</u>	<u>840,615.11</u>	
		Ref.		C			C	C-1	C	
	Capital Improvement Fund	Ref.								
	Deferred Charges Unfunded	C-2			\$ 20,000.00					
		C-3			<u>380,000.00</u>					
					<u>\$ 400,000.00</u>					

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

Exhibit C-5

CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Original Issue	Date of		Interest Rate	Balance Dec. 31, 2016	Notes		Balance Dec. 31, 2017
			Issue	Maturity			Issued	Paid	
1004	Various Improvements	12/31/11	12/31/17	12/31/18	*	\$ 417,500.00		100,000.00	317,500.00
1033	Various Improvements	12/31/15	12/31/17	12/31/18	*	342,000.00			342,000.00
996	Various Improvements	12/31/10	12/31/17	12/31/18	*	127,406.05		70,000.00	57,406.05
1022	Various Improvements	12/31/15	12/31/17	12/31/18	*	280,000.00			280,000.00
1008	Various Improvements	12/31/12	12/31/17	12/31/18	*	280,000.00		100,000.00	180,000.00
1042	Various Improvements	12/31/16	12/31/17	12/31/18	*	345,818.90	41,781.10		387,600.00
151	Various Improvements	12/21/17	12/31/17	12/31/18	*		607,133.94		607,133.94
						<u>\$1,792,724.95</u>	<u>607,133.94</u>	<u>270,000.00</u>	<u>2,171,639.99</u>
			Ref.		C		C-1	C-3	C
	Funded by Budget							<u>\$ 270,000.00</u>	

*Held by Current at No Interest

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED - UNISSUED

Exhibit C-6

Ordinance Number	Description	Balance Dec. 31, 2016	Authorized in 2017	Funded By Budget	Notes Issued	Balance Dec. 31, 2017
5-2013	Various Improvements	\$ 130,000.00		130,000.00		
15-1042	Various Improvements	41,781.10			41,781.10	-
16-151	Various Improvements	1,441,150.00			607,133.94	834,016.06
20-1059	Various Improvements		380,000.00			380,000.00
		<u>\$ 1,612,931.10</u>	<u>380,000.00</u>	<u>130,000.00</u>	<u>648,915.04</u>	<u>1,214,016.06</u>

Ref.

C

C-4

C-3

C-5

C

BOROUGH OF BRIELLE - COUNTY OF MONMOUTHWATER-SEWER UTILITY FUND

Exhibit D-4

SCHEDULE OF CASH

Balance December 31, 2016	<u>Ref.</u> D		\$ 251,738.59
Increased by:			
Consumer Accounts Receivable	D-6	\$ 2,430,264.36	
Miscellaneous Revenue	D-2	<u>20,222.78</u>	
			<u>2,450,487.14</u>
			<u>2,702,225.73</u>
Decreased by:			
Budget Appropriations	D-3	2,232,865.90	
Overpayments	D	1,422.85	
Accrued Interest on Bonds	D-8	<u>62,309.62</u>	
			<u>2,296,598.37</u>
Balance December 31, 2017	D		<u><u>\$ 405,627.36</u></u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-5

SCHEDULE OF CAPITAL CASH

	Balance Dec. 31, 2016	Receipts	Disbursements	Balance Dec. 31, 2017
Fund Balance	\$ 199.14			199.14
Notes-Current Fund	35,762.20	96,855.27		132,617.47
Capital Improvement Fund		5,000.00		5,000.00
<u>Improvement Authorizations</u>				
783 Union Lane Water Plants	(57,249.00)			(57,249.00)
846 Improvement to Wells	(21,250.00)			(21,250.00)
880 Storage Tanks	(77,550.00)			(77,550.00)
901 Higgins Avenue	(141,991.50)			(141,991.50)
8-13 Water Tower	246,751.79		66,040.41	180,711.38
15-1040 Water Mains	15,327.37		35,814.86	(20,487.49)
	\$ -	101,855.27	101,855.27	-
Ref.	D	D-11	D-11	D

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

Exhibit D-6

WATER-SEWER UTILITY FUNDSCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 54,062.11
Adjustment:		(54,062.11)
Increased by:		
Water-Sewer Levy		<u>2,567,163.98</u>
		2,567,163.98
Decreased by:		
Receipts	D-4	<u>2,430,264.36</u>
Balance December 31, 2017	D	<u>\$ 136,899.62</u>

SCHEDULE OF APPROPRIATION RESERVES

Exhibit D-7

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 78,555.32
Increased by:		
2017 Appropriations	D	<u>71,952.91</u>
		150,508.23
Decreased by:		
Disbursed	D-4	\$ 3,806.27
Lapsed to Operations	D-1	<u>74,749.05</u>
		<u>78,555.32</u>
Balance December 31, 2017		<u>\$ 71,952.91</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Exhibit D-8

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 10,655.33
Increased by:		
2017 Budget Appropriations	D-3	<u>77,531.33</u>
		88,186.66
Decreased by:		
Disbursements	D-4	<u>62,309.62</u>
Balance December 31, 2017	D	<u>\$ 25,877.04</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D-9****SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance December 31, 2016	<u>Ref.</u> D		\$ 6,174,052.25
Increased by:			
Transferred from Deferred Reserve for Amort.	D-11a	\$ 379,649.82	
Serial Bonds Paid by 2017 Budget	D-12	306,392.24	
Capital Outlay	D-3	<u>3,125.00</u>	
			<u>689,167.06</u>
Balance December 31, 2017	D		<u><u>\$ 6,863,219.31</u></u>

SCHEDULE OF FIXED CAPITAL**Exhibit D-10**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017</u> <u>Capital</u> <u>Outlay</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
1984 and Prior	\$ 137,477.39		137,477.39
Distribution Mains	1,818,525.31		1,818,525.31
New Wells	219,302.94		219,302.94
Pump House & Equipment	452,097.23		452,097.23
Purification Equipment	3,392.56		3,392.56
Meters and Meter Boxes	494,026.45	3,125.00	497,151.45
Office Equipment	1,635.00		1,635.00
General Equipment	152,999.50		152,999.50
Hydrants and Tanks	162,653.45		162,653.45
Sewer Systems	<u>3,302,282.92</u>		<u>3,302,282.92</u>
	<u><u>\$ 6,744,392.75</u></u>	<u><u>3,125.00</u></u>	<u><u>6,747,517.75</u></u>
	<u>Ref.</u>	<u>D</u>	<u>D</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-11

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Date	Amount	Balance		
				December 31, 2016		
				Funded	Unfunded	Expended
8-13	Water Tower	8/29/2013	\$ 3,800,000.00	\$ 246,751.79		66,040.41
15-1040	Various	1/5/2015	2,200,000.00	385,683.36	727,702.00	35,814.86
				<u>\$ 632,435.15</u>	<u>727,702.00</u>	<u>101,855.27</u>
Ref.				D	D	D-4
				D	D	D

WATER-SEWER UTILITY FUND

Exhibit D-11a

SCHEDULE OF DEFERRED AMORTIZATIONS

Balance December 31, 2016	<u>Ref.</u> D	\$ 379,649.82
Decreased by:		
Reserve for Amortization	D-19	<u>\$ 379,649.82</u>

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-12

SCHEDULE OF WATER-SEWER SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bond Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Paid</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	4/1/1980	\$ 2,347,300.00	4/1/18-19 4/1/2020	\$ 70,000.00 62,300.00	5%	\$ 272,300.00	70,000.00	202,300.00
Water Tower-Trust Loan Bond-Series 2014A	5/21/2014	\$ 860,000.00	8/1/2018-19 8/1/2020-22 8/1/2023-24 8/1/2025-28 8/1/2029-31 8/1/2032-33	35,000.00 40,000.00 45,000.00 50,000.00 55,000.00 60,000.00	5% 5% 5% 3% 3% 3.125 to 3.250%	800,000.00	35,000.00	765,000.00
Water Tower-Environmental Infrastructure Trust Loan Bond Series 2014A	5/21/2014	\$ 2,646,750.00	8/1/2018-32 8/1/2033	134,580.49 134,580.85	N/A	2,287,868.69	134,580.49	2,153,288.20
Water Mains-Environmental Infrastructure Trust Loan bond Series 2016A-1	5/2/2016	\$ 1,117,298.00	8/1/2018-34 8/1/2035	56,811.75 56,812.00	N/A	1,079,423.50	56,811.75	1,022,611.75
Water Mains-Trust Loan Bond-Series 2016A-1	5/2/2016	\$ 355,000.00	8/1/2018-23 8/1/2019-32 8/1/2033-35	15,000.00 20,000.00 25,000.00	N/A	355,000.00	10,000.00	345,000.00
						<u>\$ 4,794,592.19</u>	<u>306,392.24</u>	<u>4,488,199.95</u>
					Ref.	D	D-9,11A	D

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH

Exhibit D-13

WATER-SEWER UTILITY FUND

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue		Date Of		Balance Dec. 31, 2016	Notes Issued	Balance Dec. 31, 2017
		Original		Issue	Maturity			
8-13	Water Tower	12/31/2013		12/31/2016	12/31/2017	\$ 35,762.20	96,855.27	132,617.47
			Ref.			D	D-5	D

BOROUGH OF BRIELLE - COUNTY OF MONMOUTH**WATER-SEWER UTILITY FUND****Exhibit D-14****SCHEDULE OF BONDS AND NOTES AUTHORIZED - UNISSUED**

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2017</u>
783	Water Plant	\$ 57,249.00	57,249.00
846	Wells	21,250.00	21,250.00
880	Storage Tanks	77,550.00	77,550.00
901	Higgins Avenue	141,991.50	141,991.50
15-1040	Water Mains	727,702.00	727,702.00
		<u>\$ 1,025,742.50</u>	<u>1,025,742.50</u>
	Ref.	D	D

PART III – Report on Internal Controls over Financial Reporting
and on Compliance and Other Matters

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

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

Honorable Mayor and Members
of the Borough Council
Borough of Brielle
County of Monmouth
Brielle, New Jersey 08730

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

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

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

Robert A. Hulsart and Company
Independent Auditors

May 15, 2018

Part IV – General Comments and Recommendations

GENERAL COMMENTS

Scope of Audit

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

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

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

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

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c. 40A:11-2), except by contract or agreement". Effective July 1, 2015, the public contracts law was amended to change the bid threshold to \$29,000.00 and \$40,000.00 if there is a certified purchasing agent. Effective July 1, 2015, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

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

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (6,000.00 with a qualified purchasing agent).

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

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

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 – (Continued)

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.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 9, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

“**NOW THEREFORE BE IT RESOLVED**, that a grace period not exceeding ten (10) days be permitted after each quarterly due date, February 1, May 1, August 1, November 1, and the rate of eight percent (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on the amount in excess of \$1,500.00 with delinquent interest rate retroactive to the aforesaid due dates for the year 2017”.

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

Delinquent Taxes and Tax Title Liens

The last tax sale held on December 2, 2017 was complete.

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

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

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

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>	<u>Number Mailed</u>
Payment of 2017 & 2018 Taxes	22
Payments of Water-Sewer Utility Charges	20
Delinquent Taxes	6

Unemployment Insurance

The Borough elected to adopt the reimbursement plan for unemployment insurance as provided by statute. These funds were deposited in a trust savings account to be held specifically until needed for any claims presented. The Borough has contributed an additional 1% of all eligible salaries paid to this trust account. This account had a balance of \$9,478.53 at December 31, 2017. Unemployment withholdings are turned over to the State. Excess claims paid are billed by the State to the Borough and paid from the trust account.

Investments

The Chief Financial Officer invests municipal funds as available on a continuing basis.

Such investments in 2017 resulted in interest revenue of \$1,781.79 in the operating accounts.

Bank Reconciliations and Wire Transfers

Wire transfers are made by the Borough Clerk, who keeps a written record of same. These transfers are then given to the Treasurer to record in the records.

Follow-Up on Prior Year Findings

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

The cash reconciliation note was not resolved.

Findings and Recommendations

Current Year

Finding #17-01 – It was noted during the review of the bank reconciliations that there is \$10,393.38 more in the banks than on the books. These funds should be researched for identification and disposition. In addition since the borough is using one disbursement account the monthly reconciliation should clearly identify each separate account and any reconciling items.

Recommendation #17-01 – That the above amount be researched and a proper disposition be made and the reconciliation clearly identify each account.

Appreciation

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

* * * * *

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