

OFFICIAL STATEMENT DATED MAY 23, 2017

**NEW ISSUE
BOOK-ENTRY ONLY**

Ratings: (See "RATINGS" herein)

In the opinion of GluckWalrath LLP, Bond Counsel assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Bonds and Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the respective dates of original delivery of the Bonds and Notes, interest received by holders of the Bonds and Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed by Section 57 of the Code. For certain corporate holders, interest on the Bonds and Notes will be taken into account in the calculation of such holders' alternative minimum tax liability as part of adjusted current earnings. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and Notes and any gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds and Notes.

\$10,372,000
BOROUGH OF SEASIDE HEIGHTS
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017

Consisting of:
\$5,952,000 General Improvement Bonds, Series 2017
\$4,420,000 Electric Utility Bonds, Series 2017
(Callable) (Non-Bank Qualified)

\$789,472
BOROUGH OF SEASIDE HEIGHTS
IN THE COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY BOND ANTICIPATION NOTES

Coupon: 2.00% Yield: 1.49%
(Non-Callable) (Non-Bank Qualified)

Dated: Date of Delivery
Due: April 1, as shown on the inside front cover

Dated: Date of Delivery
Due: June 6, 2018

The \$10,372,000 aggregate principal amount of General Obligation Bonds, Series 2017 consisting of \$5,952,000 principal amount of General Improvement Bonds, Series 2017 (the "General Improvement Bonds") and \$4,420,000 Electric Utility Bonds, Series 2017 (the "Electric Utility Bonds" and together with the General Improvement Bonds, the "Bonds") are general obligations of the Borough of Seaside Heights, in the County of Ocean, State of New Jersey (the "Borough") for which the full faith and credit of the Borough are pledged. The Borough is authorized and required by law to levy ad valorem taxes on all taxable property within the Borough without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$789,472 aggregate principal amount of Water/Sewer Utility Bond Anticipation Notes (the "Notes"), dated the date of delivery, are also general obligations of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the Borough for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and Notes, if required, will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and Notes, if required. Individual purchases of the Bonds and Notes will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds and Notes maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof (or any necessary odd denomination).

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Borough or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Borough to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate per annum and reoffering yield, as shown above, commencing from their date of delivery. Principal of and interest on the Notes will be payable at maturity on June 7, 2018. Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent at the date of maturity. While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Borough Council on the dates set forth herein and by a resolution duly adopted by the Borough Council on April 5, 2017. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and a bond ordinance duly adopted by the Borough Council on the date set forth herein.

The proceeds of the Bonds, along with other available funds of the Borough, are being used to: (i) refund, on a current basis, and permanently finance a portion of the outstanding bond anticipation notes of the Borough; and (ii) pay the costs associated with the issuance of the Bonds.

The Notes are being issued to: (i) refund a portion of outstanding bond anticipation notes of the Borough; and (ii) pay the costs associated with the issuance of the Notes.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "THE BONDS" under the subheading entitled "Redemption". The Notes are not subject to redemption prior to their stated maturity.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds and Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Borough.

This cover page and inside front cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath, LLP, Red Bank, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds and Notes. Certain legal matters will be passed upon for the Borough by the Borough Attorney, Gilmore & Monahan, P.A., Toms River, New Jersey. It is anticipated that the Bonds and Notes will be available for delivery through DTC on or about June 7, 2017.

Underwriter for the Bonds
BAIRD

Underwriter for the Notes
Roosevelt & Cross, Incorporated

**BOROUGH OF SEASIDE HEIGHTS
IN THE COUNTY OF OCEAN, NEW JERSEY**

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS*

\$10,372,000 GENERAL OBLIGATION BONDS, SERIES 2017

Consisting of:

\$5,952,000 General Improvement Bonds, Series 2017

\$4,420,000 Electric Utility Bonds, Series 2017

(Callable) (Non-Bank Qualified)

Maturity (April 1)	General Improvement Principal Amount	Electric Utility Principal Amounts	Combined Principal Amounts	Interest Rates	Yields	CUSIPs*
2018	\$327,000	\$300,000	\$627,000	3.00%	1.00%	812489QR6
2019	330,000	305,000	635,000	3.00	1.15	812489QS4
2020	340,000	320,000	660,000	3.00	1.25	812489QT2
2021	365,000	330,000	695,000	5.00	1.40	812489QU9
2022	395,000	345,000	740,000	5.00	1.60	812489QV7
2023	405,000	360,000	765,000	5.00	1.75	812489QW5
2024	420,000	375,000	795,000	5.00	1.90	812489QX3
2025	430,000	390,000	820,000	5.00	2.10	812489QY1
2026	445,000	405,000	850,000	4.00	2.25	812489QZ8
2027	460,000	415,000	875,000	3.00	2.40	812489RA2
2028	480,000	430,000	910,000	3.00	2.60	812489RB0
2029	495,000	445,000	940,000	3.00	2.80	812489RC8
2030	520,000		520,000	3.00	3.00	812489RD6
2031	540,000		540,000	3.00	3.10	812489RE4

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Borough does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF SEASIDE HEIGHTS,
IN THE COUNTY OF OCEAN, NEW JERSEY
901 Boulevard
Seaside Heights, NJ 08751
(732) 793-9100**

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No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds and Notes other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Underwriters.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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OFFICIAL STATEMENT

RELATING TO

\$10,372,000
BOROUGH OF SEASIDE HEIGHTS
IN THE COUNTY OF OCEAN, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017
Consisting of:
\$5,952,000 General Improvement Bonds, Series 2017
\$4,420,000 Electric Utility Bonds, Series 2017
(Callable) (Non-Bank Qualified)

\$789,472
BOROUGH OF SEASIDE HEIGHTS
IN THE COUNTY OF OCEAN, NEW JERSEY
WATER/SEWER UTILITY BOND ANTICIPATION NOTES
(Non-Callable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and the appendices attached hereto, has been prepared by the Borough of Seaside Heights (the “Borough”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$10,372,000 aggregate principal amount of General Obligation Bonds, Series 2017 consisting of \$5,952,000 principal amount of General Improvement Bonds, Series 2017 (the “General Improvement Bonds”) and \$4,420,000 Electric Utility Bonds, Series 2017 (the “Electric Utility Bonds” and together with the General Improvement Bonds, the “Bonds”) and \$789,472 aggregate principal amount of Water/Sewer Utility Bond Anticipation Notes (the “Notes”) of the Borough.

THE BONDS

General Description

The Bonds will be dated the date of delivery and will mature on April 1 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning October 1, 2017 and on each April 1 and October 1 thereafter. The record dates for the Bonds is each preceding March 15 and September 15, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and interest thereon. The Borough is obligated to levy *ad valorem* taxes upon all of the taxable property within the Borough for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

Redemption

The Bonds maturing prior to April 1, 2026 are not subject to optional redemption. The Bonds maturing on or after April 1, 2026 shall be subject to redemption at the option of the Borough, in whole or in part, on any date on or after April 1, 2025 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days

prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as DTC (the “Depository Trust Company”) (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Purpose of the General Improvement Bonds

The proceeds of the General Improvement Bonds, along with other available funds of the Borough in the amount of \$1,425,994, are being used to: (i) refund, on a current basis, a \$7,773,994 aggregate portion of bond anticipation notes of the Borough originally issued in the aggregate principal amount of \$13,406,175, dated January 26, 2017 and maturing July 26, 2017 (the “Prior Notes”); and (ii) pay the costs associated with the issuance of the General Improvement Bonds.

The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and amount of the Prior Notes being refunded with the General Improvement Bonds. The bond ordinances are:

<u>General Improvement Bond Ordinances</u>		
Ordinance Number	Description and Date of Final Adoption	Amount of Prior Notes Being Refunded With the General Improvement Bonds
2011-15	Various Capital Improvements, finally adopted December 21, 2011	\$1,245,000
2010-14/ 2013-11	Various Capital Improvements, finally adopted August 4, 2010 and amended May 15, 2013	2,924,000
2014-12	Various Capital Improvements, finally adopted May 21, 2014	950,000
2015-14	Various Improvements, finally adopted September 16, 2015	<u>1,229,000</u>
TOTAL GENERAL IMPROVEMENT REFUNDED:		<u>\$6,348,000</u>

Purpose of the Electric Utility Bonds

The proceeds of the Electric Utility Bonds, along with other available funds of the Borough in the amount of \$77, are being used to: (i) refund, on a current basis, a \$4,790,077 aggregate portion of the Prior Notes; and (ii) pay the costs associated with the issuance of the Electric Utility Bonds.

The purposes for which the Electric Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinance of the Borough, which bond ordinance is described on the following table by ordinance number, description and date of final adoption and the amount of the portion of Prior Notes being refunded with the Electric Utility Bonds. The bond ordinance is:

<u>Electric Utility Bond Ordinances</u>		
Ordinance Number	Description and Date of Final Adoption	Amount of Prior Notes Being Refunded With the Electric Utility Bonds
2011-09	Various Electric Utility, finally adopted July 6, 2011	\$518,261
2011-11	Various Electric Utility, finally adopted October 5, 2011	<u>4,271,739</u>
TOTAL ELECTRIC UTILITY REFUNDED:		<u>\$4,790,000</u>
GRAND TOTAL REFUNDED:		<u>\$11,138,000</u>

Payment of Bonds

The Bonds are general obligations of the Borough for which the full faith and credit of the Borough will be pledged. The Borough is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Borough for the payment of principal of and interest on Bonds without limitation as to rate or amount. See "SECURITY FOR THE BONDS."

Denominations and Place of Payment

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as Securities Depository for the Bonds. Principal of and interest on the Bonds will be payable by the Borough or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchase of the Bonds will be made in book entry form, in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof (or any necessary odd denomination). Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates in authorized denominations. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry-Only System" herein.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover of this Official Statement. The Notes shall bear interest at the rate as indicated on the cover of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, and if required, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Borough or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof (or any necessary odd denomination), through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC or with the Note Underwriter (as defined herein), if not registered with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Borough or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Purpose of the Notes

The Notes are being issued to: (i) refund, on a current basis, a \$789,472 aggregate portion of the Prior Notes; and (ii) pay the cost associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by a bond ordinance duly adopted by the Borough, which bond ordinance is described on the following table by ordinance number, description and date of final adoption, and the amount of Prior Notes being refunded with the Notes:

<u>Note Ordinance</u>		Amount of Prior Notes Being Refunded With the Notes
Ordinance Number	Description	
2011-08	Various Water/Sewer Utility Improvements, finally adopted July 6, 2011	\$789,472
TOTAL NOTES:		<u>\$789,472</u>

SECURITY FOR THE BONDS AND NOTES

The Bonds and Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds and Notes. The Borough is required by law to levy *ad valorem* taxes on all taxable real property in the Borough for the payment of the principal, redemption premium, if any, of and the interest on the Bonds and Notes, without limitation as to rate or amount.

GENERAL INFORMATION REGARDING THE BOROUGH

The Borough is situated on the Atlantic Ocean in the central area of the County, approximately sixty-seven miles south of New York City. The Borough was incorporated in 1913 and covers an area of 0.75 square miles. The Borough is bordered to the north by the Township of Toms River (Ortley Beach section), to the west by the Township of Berkeley and the Township of Toms River, and to the south by the Borough of Seaside Park.

Though the atmosphere of the Borough appears primarily residential, a considerable portion is zoned for resort recreation use with excellent access to the roads. Bus service is available in the Borough and airports are accessible in Atlantic City, New Jersey; Newark, New Jersey; and Philadelphia, Pennsylvania. The Borough is a prime destination for short-term visitors, in particular daily visitors, during the summer months to complement its year round and seasonal residents. Convenient access points to the beach, ample parking, sufficient public facilities, as well as, low-cost daily badges also add to the attraction of the Borough as a tourist recreation destination.

The Borough is recognized throughout the tri-state area as a premier summer resort community consisting of a beach, amusement boardwalk (the "Boardwalk") and restaurants. The Boardwalk spans over one (1) mile alongside the New Jersey shoreline. The Boardwalk connected two (2) 300-foot long piers (the "Piers") on either side that featured rides, roller coasters and amusement games. Due to the effects of Superstorm Sandy in October of 2012 (the "Storm"), the Piers and Boardwalk sustained extensive damage. The Borough began cleanup efforts soon after the Storm. The Boardwalk was substantially reconstructed, along with the installation of upgraded lighting, access ramps, fencing, and benches, and reopened by Memorial Day Weekend, in time for the summer 2013 season. Casino Pier, on the northern-end of the Boardwalk, reopened in August 2013 in time for the last month of the summer season. The Bell-Freeman Pier on the southern end, is under construction after being further destroyed in a September 2013 fire. Final plans for the site have yet to be determined.

Appendix "A" to this Official Statement contains economic, demographic and operating data.

Form of Government

The Governing Body of the Borough consists of a mayor and six (6) Borough Council Members, all of whom are elected by the people of the community. Council members are elected at large for staggered three-year terms and the mayor is elected for a four-year term.

The government of the Borough operates under the Borough form pursuant to N.J.S.A. 40A:60-1 et seq.

The Borough Council meets the first and third Wednesday of each month for regular meetings and caucus meetings are held prior to the meetings. Both caucus and regular meetings are open to the public in compliance with New Jersey's Sunshine Law. At regular meetings, citizens are given an opportunity to speak on proposed ordinances and resolutions. There is also a time set aside at both regular and caucus meetings so that any citizen may address the Borough Council on matters of concern to him or her.

Utilities

The Borough operates an electric utility and its customers are billed monthly based on usage. The Borough also operates a water-sewer utility and its customers are billed quarterly based on usage.

Police Services

The Borough is served by a well-trained Public Safety Police Department.

The Borough Police Department is comprised of police officers and non-uniformed employees. An additional 50 Class One and Class Two officers are employed during the summer. These officers are equipped with modern and scientific crime-fighting equipment.

First Aid Services

Paid Emergency Medical Services ("EMS") to Borough residents, as well as, residents of Seaside Park, South Seaside Park, Island Beach State Park and the Pelican Island section of Berkeley Township is provided by the Tri-Boro First Aid Squad Inc. on a 24-hour basis.

Funding for the EMS operations is by solicitations from the public, as well as an annual grant from the Borough and billing revenue.

Volunteer Fire Department Services

The all-volunteer Fire Department maintains one fire-fighting company and one firehouse within the Borough, on a round-the-clock schedule. The location of the firehouse is such that a fire anywhere within the Borough can be quickly answered and serviced.

All fire-fighting apparatus and equipment is of the latest design. In addition, a continuous training program keeps all fire-fighting personnel abreast of the latest techniques.

The above public safety services are maintained on a twenty-four hour-a-day, 365 days-a-year basis. The Police Dispatchers handle calls for all public safety services.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody’s published a credit opinion affirming its existing insurance financial strength rating of “A2” (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody’s may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM

At March 31, 2017, (i) the policyholders' surplus of AGM was approximately \$2,204 million; (ii) the contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,263 million; and (iii) the net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately \$1,349 million. The contingency reserve amount set forth above includes (i) 100% of AGM's contingency reserve, and (ii) 60.7% of MAC's contingency reserve. The net unearned premium reserve amount set forth above includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and (ii) 60.7% of the net unearned premium reserve of MAC. The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of Assured Guaranty (Europe) Ltd were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds and Notes, if required. The Bonds and Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC. One fully registered certificate will be issued in the aggregate principal amount of the Notes deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of the Bonds and Notes ("Beneficial Owner") is in turn to be recorded on the Direct

and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all Bonds and Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds and Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices, if any, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and Notes, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or its designated Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Borough, or the Borough's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and Notes at any time by giving reasonable notice to the Borough or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

NEITHER THE BOROUGH NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AND NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND NOTES.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds and Notes, the following provisions apply: (i) the Bonds and Notes may be exchanged for an equal aggregate principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Borough or its designated paying agent; (ii) the transfer of any Bonds and Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Borough, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Borough, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds and Notes, the Borough or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and Notes. Interest on the Bonds and Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law generally governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount.

A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, except for the issuance of refunding bonds. All bonds issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As indicated in Appendix "A", the Borough has not exceeded its statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Appropriation "CAP"

A provision of law known as the New Jersey "CAP Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The CAP formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Borough to levy ad valorem taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances

adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for each local unit is on file with the Clerk and is available for review during business hours.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Borough. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

Transitional Aid

On October 18, 2016, the Borough entered into a Memorandum of Understanding (the "MOU") with the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs (the "Director") for the provision of \$750,000 of Transitional Aid to the Borough, which Transitional Aid was received and appropriated in the Borough's 2016 budget. The Borough has submitted an application to the Director for an additional \$2,000,000 in Transitional Aid for 2017, which request is currently pending with the Director. If approved, a new MOU will be entered into.

Under the existing MOU, the Borough is required to obtain the Director's prior consent before taking certain fiscal actions, including (but not limited to) new hiring, expansion of municipal services, certain contracts and bond ordinances, and granting of tax abatements. The Borough must also adhere to

certain contracting procedures and prepare a transition plan detailing how it intends to eliminate its reliance on special State assistance. The Borough intends to comply with all requirements of the MOUs.

The existing MOU will remain in force until a new MOU (for the requested 2017 Transitional Aid) is executed. It is expected that new MOU will expire on December 31, 2018, subject to early termination if the Borough's 2018 budget, as adopted, does not rely on Transitional Aid. However, the MOUs will continue in effect if the Director determines that the Borough's budget contains a structural imbalance greater than 5% of the tax levy.

TAX MATTERS

In the opinion of GluckWalrath LLP, Red Bank, New Jersey ("Bond Counsel"), assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds and Notes and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds and Notes, interest received by a holder of the Bonds and Notes will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference item under Section 57 of the Code for individuals or corporations. For corporate holders, interest on the Bonds and Notes will be taken into account in the calculation of such holders' alternative minimum tax liability as part of adjusted current earnings.

The Code contains a number of provisions that apply to the Bonds and Notes, including restrictions relating to the use or investment of the proceeds of the Bonds and Notes (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds and Notes to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Bonds and Notes not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The Issuer has covenanted to comply with these requirements.

Section 55 of the Code provides that an alternative minimum tax is imposed on corporations. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75% of the amount by which "adjusted current earnings" exceeds alternative e minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Bonds and Notes is a component of a corporate holder's "adjusted current earnings", such interest may be subject to an alternative minimum tax.

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds and Notes will **not** be designated as qualified tax exempt obligations under Section 265(b) of the Code.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies,

individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

Original Issue Premium

The Bonds maturing on April 1 of the years 2018 through 2029, inclusive (collectively, the "Premium Bonds") have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

Original Issue Discount

The Bonds maturing on April 1, 2031 (the "Discount Bonds") have been sold to the public at an original issue discount. The original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond over the initial offering price to the public (excluding underwriters' and other intermediaries) at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compounded basis. The amount of original issue discount that accrues to a holder of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding a the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the holder's basis in such Discount Bond. Proceeds received from the sale, exchange, redemption or payment of a Discount Bond in excess of the holder's adjusted basis (as increased by the amount of original issue discount that has accrued and is treated as tax-exempt interest in such holder's hands), will be treated as gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale or other disposition of Bonds and Notes which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Holders of Bonds and Notes should consult their own tax advisors with respect to the consequences of owning Bonds and Notes, including the effect of such ownership under applicable state and local laws.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds and Notes. Various proposals have been submitted to Congress, which if enacted, would limit for certain individual

taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law. Such proposals may cause interest on the Bonds and Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds and Notes from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds and Notes. No prediction is made whether these provisions will be enacted a proposed or concerning other future legislation which if passed might have an effect on the tax treatment on interest on the Bonds and Notes. Bond Counsel renders no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds and Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

In addition, the Internal Revenue Service (“IRS”) has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds and Notes involving either the Bonds and Notes or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds and Notes. Each purchaser of the Bonds and Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

In addition, prospective purchasers of the Bonds and Notes should be aware that Section 6049 of the Code provides that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. This reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

State Taxation

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Bonds and Notes and net gains from the sale of the Bonds and Notes are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds and Notes should consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds and Notes under the laws of other states.

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the exclusion from gross income of interest on the Bonds and Notes for federal income tax purposes, or the exclusion of interest on and any gain realized on the sale of the Bonds and Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the bonds.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS AND NOTES. PROSPECTIVE PURCHASERS OF THE BONDS AND NOTES SHOULD

CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND NOTES.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Borough including the Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

The Borough has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the Borough to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in Appendix "C" (the "Continuing Disclosure Certificate") attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

Within the five years immediately preceding the date of this Official Statement, the Borough previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) audited financial information for the fiscal years ending December 31, 2011, and 2012; and (ii) operating data for the fiscal years ending December 31, 2011 and 2012. Additionally, the Borough previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; and (ii) operating data, all as described above, and (iii) a late filing notice and/or event notice in connection with an underlying rating change in 2012. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Borough appointed Phoenix Advisors, LLC in July of 2013 to serve as continuing disclosure agent.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES

The Borough has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Borough with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Borough by its Chief Financial Officer, in the form appearing in Appendix "D" (the "Form of Certificate of Compliance with Secondary Market Disclosure Requirements for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

LITIGATION

Upon delivery of the Bonds and Notes, the Borough shall furnish a certificate of Gilmore & Monahan, P.A., Toms River, New Jersey (the "Borough Attorney"), dated the date of delivery of the Bonds and Notes, to the effect that there is no litigation of any nature pending or, to the firm's knowledge, threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and Notes, or in any way contesting or affecting the validity of the Bonds and Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by, or against, the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds or notes, which has not been disclosed in this Official Statement.

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter 9 permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter 9 directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter 9 does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the ordinances and the resolution of the Borough and the Bonds and Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the ordinances and the resolution will be furnished by the Borough on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

CERTIFICATION OF OFFICIAL STATEMENT

The Borough hereby states that the descriptions and statements herein relating to the Borough are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds and Notes, by certificates signed by the Borough Chief Financial Officer, that to his/her knowledge such descriptions and statements, as of the date hereof, and as of the date of delivery of the Bonds and Notes, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

All other information has been obtained from sources which the Borough considers to be reliable and it makes no warranty, guaranty or other representation which respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), is expected to assign the Bonds a rating of "AA/stable" subject to the issuance of the Policy by AGM at the time of delivery of the Bonds. The Rating Agency has assigned an underlying rating of "A+/negative" to the Bonds based upon the creditworthiness of the Borough. Any desired explanation of the significance of such ratings should be obtained from the Rating Agency. There is no assurance that the ratings will pertain for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency, circumstances so warrant. Any downward revision or withdrawal of the rating could have an adverse effect on the market price of the Bonds. The Notes have not been rated.

The inclusion of the Rating Agency's "stable outlook" and "negative outlook" (the "Outlooks") have been provided herein for informational purposes only and are not a part of the "Ratings" described in the preceding paragraph. The Outlooks are only the Rating Agency's forward-looking view of the Borough and AGM. The Borough has no obligation to treat any change in the Outlooks as an "Event", as defined and described under the Rule or under the provisions of the Borough's Continuing Disclosure Agreement, or to notify holders of the Bonds as to any changes to the Outlooks after the date hereof.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Robert W. Baird & Co., Inc. (the "Bond Underwriter") at a price of \$11,142,990.14 which reflects the par amount of the Bonds plus a net original issue premium of \$912,088.27 and less a Bond Underwriter's discount of \$115,442.84 and the bond insurance premium of \$25,655.29.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

The Notes have been purchased from the Borough at a public sale by Roosevelt & Cross, Incorporated (the "Note Underwriter" and together with the Bond Underwriter, the "Underwriters") at a price of \$792,132.00 which reflects the par amount of the Notes plus an original issue premium of \$3,955.25 and less a Note Underwriter's discount of \$1,295.25.

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover hereof.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Borough with respect to the issuance of the Bonds and Notes (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bond are subject to the approval of Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix "E" and Appendix "F", respectively. Certain legal matters will be passed on for the Borough by the Borough Attorney.

FINANCIAL STATEMENTS

Appendix “B” contains certain unaudited financial data of the Borough extracted from the Borough’s Annual Financial Statement for the Borough’s fiscal year ending December 31, 2016 and certain audited financial data of the Borough for the Borough’s fiscal year ending December 31, 2015. The financial statements of the Borough for the year ended December 31, 2015 were audited by Oliwa & Company, independent auditors (the “Auditor”), as stated in their Independent Auditors’ Report appearing in Appendix B. The Auditor has not participated in the preparation of the financial or statistical information contained in this Official Statement and does not take responsibility for the unaudited financial information contained in Appendix “B”.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough’s Chief Financial Officer, 901 Boulevard, Seaside Heights, New Jersey 08751, telephone (732) 793-9100, or to its Municipal Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds and Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds and Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

This Official Statement has been duly executed and delivered by the Borough.

**BOROUGH OF SEASIDE HEIGHTS,
IN THE COUNTY OF OCEAN, NEW JERSEY**

By: /s/ Barbara Risley _____
Barbara Risley,
Chief Financial Officer

Dated: May 23, 2017

APPENDIX A
GENERAL INFORMATION REGARDING THE BOROUGH

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INFORMATION REGARDING THE BOROUGH¹

The following material presents certain economic and demographic information of the Borough of Seaside Heights (the “Borough”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

Retirement Systems

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The Borough is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Borough’s share of pension costs in 2016, which is based upon the annual billings received from the State, amounted to \$312,821 for PERS and \$582,957 for PFRS.

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¹ Source: The Borough, unless otherwise indicated.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Borough</u>				
2015	1,165	1,074	91	7.8%
2014	1,161	1,049	112	9.6%
2013	1,159	1,027	132	11.4%
2012	1,222	1,021	201	16.4%
2011	1,431	1,149	282	19.7%
<u>County</u>				
2015	268,585	252,465	16,120	6.0%
2014	266,273	246,687	19,586	7.4%
2013	265,783	241,266	24,517	9.2%
2012	268,491	240,035	28,456	10.6%
2011	266,169	238,461	27,708	10.4%
<u>State</u>				
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%
2011	4,565,300	4,138,500	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2015)

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Household Income	\$33,958	\$61,994	\$72,093
Median Family Income	33,900	76,934	88,335
Per Capita Income	17,793	31,200	36,582

Source: US Bureau of the Census, 2015 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

<u>Year</u>	<u>Borough</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2015 Estimate	2,892	0.17%	583,450	1.19%	8,958,013	1.89%
2010	2,887	-8.49	576,567	12.85	8,791,894	4.49
2000	3,155	33.35	510,916	17.94	8,414,350	8.85
1990	2,366	31.30	433,203	25.19	7,730,188	4.96
1980	1,802	44.39	346,038	65.99	7,365,001	2.75
1970	1,248	30.82	208,470	92.60	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2016 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
AFMV LLC	\$25,869,400	4.08%
Belle Freman Properties LLC	7,157,800	1.13%
McGrath Partnership	6,322,000	1.00%
Shre Atlantic Hospitality LLC	5,228,800	0.83%
Seaside Hts Imp & Dev Co Inc	4,554,200	0.72%
Saddy Family LLC	4,404,400	0.70%
Tilles, Samuel Inc	4,280,600	0.68%
Nini Feldman & Jill Finlay	4,185,900	0.66%
Coin Castle Amusement	3,739,600	0.59%
Boulevard LLC	<u>3,419,200</u>	<u>0.54%</u>
Total	<u>\$69,161,900</u>	<u>10.92%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2016U	\$14,187,586	\$13,991,551	98.62%
2015	14,004,123	13,805,986	98.59%
2014	12,580,244	12,497,577	99.34%
2013	11,451,131	11,361,708	99.22%
2012	12,881,752	12,725,844	98.79%

U: Unaudited

Source: Annual Audit Reports of the Borough

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2016U	\$12,068	\$22,871	\$34,939	0.25%
2015	1,475	45,699	47,174	0.34%
2014	342	44,422	44,764	0.36%
2013	0	769	769	0.01%
2012	60,754	128	60,883	0.47%

U: Unaudited

Source: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2016U	\$0
2015	0
2014	0
2013	0
2012	0

U: Unaudited

Source: Annual Audit Reports of the Borough

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Borough residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
2016	\$0.930	\$0.434	\$0.450	\$0.398	\$2.212
2015	0.901	0.427	0.380	0.427	2.135
2014	0.866	0.390	0.264	0.435	1.955
2013r	0.813	0.328	0.267	0.417	1.825
2012	0.571	0.333	0.270	0.325	1.499

r: Reassessment

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Value of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2016	\$633,423,000	\$637,374,723	99.38%	\$0	\$637,374,723
2015	640,833,200	638,852,756	100.31	0	638,852,756
2014	623,558,300	641,388,912	97.22	195,694	641,584,606
2013r	617,804,000	655,773,272	94.21	301,923	656,075,195
2012	842,960,200	719,003,924	117.24	316,701	719,320,625

r: Reassessment

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2016	\$25,230,100	\$393,639,500	\$0	\$186,208,200	\$0	\$28,345,200	\$633,423,000
2015	28,267,900	396,077,000	0	188,074,300	0	28,414,000	640,833,200
2014	34,644,400	389,582,900	0	172,293,800	0	27,037,200	623,558,300
2013r	24,298,400	383,807,400	0	183,016,300	0	26,681,900	617,804,000
2012	41,262,400	513,122,400	0	249,842,300	0	38,733,100	842,960,200

r: Reassessment

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Comparison of Water/Sewer Utility Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Tax Levy Collected</u>
2016U	\$2,040,286	\$2,031,683	99.58%
2015	2,163,108	2,198,852	101.65%
2014	2,366,055	2,379,162	100.55%
2013	1,805,492	1,846,214	102.26%
2012	2,185,420	2,278,399	104.25%

U: Unaudited
Source: Annual Audit Reports of the Borough

Comparison of Electric Utility Levies and Collection Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>% of Tax Levy Collected</u>
2016U	\$4,930,370	\$4,911,401	99.62%
2015	5,109,855	5,217,185	102.10%
2014	4,684,469	4,623,523	98.70%
2013	4,081,886	3,986,796	97.67%
2012	5,422,835	5,549,473	102.34%

U: Unaudited
Source: Annual Audit Reports of the Borough

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Financial Operations

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>
Fund Balance Utilized	\$0	\$534,318	\$0	\$2,257,380	\$3,020,000
Miscellaneous Revenues	9,393,099	9,412,379	10,000,961	8,114,727	6,875,118
Receipts from Delinquent Taxes	0	0	44,000	34,785	32,000
Amount to be Raised by Taxation	<u>5,028,698</u>	<u>5,398,852</u>	<u>5,774,649</u>	<u>5,890,168</u>	<u>6,617,867</u>
Total Revenue:	<u>\$14,421,797</u>	<u>\$15,345,549</u>	<u>\$15,819,610</u>	<u>\$16,297,059</u>	<u>\$16,544,985</u>
<u>Appropriations</u>					
General Appropriations	\$11,228,500	\$9,882,253	\$11,352,442	\$12,521,712	\$12,546,338
Operations (Excluded from CAPS)	61,517	3,150,797	1,980,269	1,310,377	1,672,591
Deferred Charges	1,355,000	820,000	820,000	820,000	820,000
Capital Improvements	225,000	210,000	618,500	230,000	0
Municipal Debt Service	1,489,000	1,182,500	955,000	1,200,000	1,296,522
Reserve for Uncollected Taxes	<u>62,780</u>	<u>99,999</u>	<u>93,399</u>	<u>214,970</u>	<u>209,534</u>
Total Appropriations:	<u>\$14,421,797</u>	<u>\$15,345,549</u>	<u>\$15,819,610</u>	<u>\$16,297,059</u>	<u>\$16,544,985</u>

* Introduced

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016U	\$3,102,852	\$3,020,000 I
2015	3,391,581	2,257,380
2014	1,070,436	0
2013	1,604,754	534,318
2012	1,604,754	0

U: Unaudited

I: As Introduced on March 15, 2017; 2017 Budget has yet to be Adopted

Source: Annual Audit Reports of the Borough

Water/Sewer Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Water/Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016U	\$147,171	\$140,000 I
2015	49,288	343,157
2014	392,444	66,000
2013	458,444	285,000
2012	743,444	261,000

U: Unaudited

I: As Introduced on March 15, 2017; 2017 Budget has yet to be Adopted

Source: Annual Audit Reports of the Borough

Electric Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Electric Utility Operating Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Electric Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016U	\$1,197,284	\$1,023,100 I*
2015	1,761,760	1,234,911 **
2014	2,616,311	1,851,200 ***
2013	1,017,458	0
2012	1,492,458	475,000 ****

U: Unaudited

I: As Introduced on March 15, 2017; 2017 Budget has yet to be Adopted

*: utilized \$1,023,100.00 in the 2017 current fund budget as anticipated revenue

**: utilized \$1,234,911.00 in the 2016 current fund budget as anticipated revenue

***: utilized \$1,807,200.00 in the 2015 current fund budget as anticipated revenue and \$44,000.00 in the 2015 electric utility operating fund budget as anticipated revenue

****: utilized \$475,000.00 in the 2013 electric utility operating fund budget as anticipated revenue

Source: Annual Audit Reports of the Borough

Borough Indebtedness as of December 31, 2016

General Purpose Debt	
Serial Bonds	\$6,182,000
Bond Anticipation Notes	8,334,476
Bonds and Notes Authorized but Not Issued	530,938
Other Bonds, Notes and Loans	<u>163,803</u>
Total:	\$15,211,217
Local School District Debt	
Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0
Regional School District Debt	
Serial Bonds	\$219,998
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$219,998
Self-Liquidating Debt	
Serial Bonds	\$1,164,000
Bond Anticipation Notes	6,188,847
Bonds and Notes Authorized but Not Issued	250
Other Bonds, Notes and Loans	<u>3,959,151</u>
Total:	\$11,312,248
TOTAL GROSS DEBT	<u>\$26,743,463</u>
Less: Statutory Deductions	
General Purpose Debt	\$1,114,170
Local School District Debt	0
Regional School District Debt	219,998
Self-Liquidating Debt	<u>8,648,136</u>
Total:	\$9,982,303
TOTAL NET DEBT	<u>\$16,761,160</u>

Source: Annual Debt Statement of the Borough

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Overlapping Debt (as of December 31, 2016)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Borough Percentage</u>	<u>Borough Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	2,598,000	8.00%	219,998
County	457,267,841	0.66%	<u>3,031,147</u>
Net Indirect Debt			\$3,251,144
Net Direct Debt			<u>16,761,160</u>
Total Net Direct and Indirect Debt			<u>\$20,012,304</u>

Debt Limit

Average Equalized Valuation Basis (2014, 2015, 2016)	\$639,205,464
Permitted Debt Limitation (3 1/2%)	22,372,191
Less: Net Debt	<u>16,761,160</u>
Remaining Borrowing Power	<u>\$5,611,031</u>
Percentage of Net Debt to Average Equalized Valuation	2.622%
Gross Debt Per Capita based on 2010 population of 2,887	\$9,263
Net Debt Per Capita based on 2010 population of 2,887	\$5,806

Source: Annual Debt Statement of the Borough

³ Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

APPENDIX B
FINANCIAL STATEMENTS OF THE BOROUGH

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**UNAUDITED FINANCIAL DATA OF THE BOROUGH
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2016
(UNAUDITED)**

POPULATION LAST CENSUS 2,887
 NET VALUATION TAXABLE 2016 633,423,000
 MUNICODE 1515

**FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:
 COUNTIES - JANUARY 26, 2017
 MUNICIPALITIES - FEBRUARY 10, 2017**

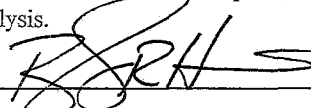
ANNUAL FINANCIAL STATEMENT REQUIRED TO BE FILED UNDER NEW JERSEY STATUTES ANNOTATED 40A:5-12, AS AMENDED, COMBINED WITH INFORMATION REQUIRED PRIOR TO CERTIFICATION OF BUDGETS BY THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICES.

Borough _____ of Seaside Heights, County of Ocean

**SEE BACK COVER FOR INDEX AND INSTRUCTIONS.
 DO NOT USE THESE SPACES**

	Date	Examined By:	
1			Preliminary Check
2			Examined

I hereby certify that the debt shown on Sheets 31 to 34a, 49 to 51a and 63 to 65a are complete, were computed by me and can be supported upon demand by a register or other detailed analysis.

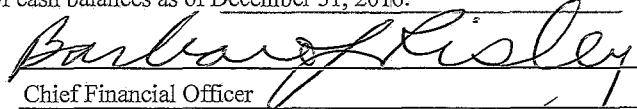
Signature 
 Title Registered Municipal Accountant

(This must be signed by Chief Financial Officer, Comptroller, Auditor or Registered Municipal Accountant.)

REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:

I hereby certify that I am responsible for filing this verified Annual Financial Statement, (which I have prepared) or (which I have not prepared) [eliminate one] and information required also included herein and that this Statement is an exact copy of the original on file with the clerk of the governing body, that all calculations, extensions and additions are correct, that no transfers have been made to or from emergency appropriations and all statements contained herein are in proof; I further certify that this statement is correct insofar as I can determine from all the books and records kept and maintained in the Local Unit.

Further, I do hereby certify that I, Barbara J. Risley, am the Chief Financial Officer, License # NO3111, of the Borough of Seaside Heights, County of Ocean and that the statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at December 31, 2016, completely in compliance with N.J.S. 40A:5-12, as amended. I also give complete assurances as to the veracity of required information included herein, needed prior to certification by the Director of Local Government Services, including the verification of cash balances as of December 31, 2016.

Signature 
 Title Chief Financial Officer
 Address 901 Boulevard, Seaside Heights, NJ 08751
 Phone Number (732) 793-9100
 Fax Number (732) -793-0319
 Email finance@seaside-heightsnj.com

IT IS HEREBY INCUMBENT UPON THE CHIEF FINANCIAL OFFICER, WHEN NOT PREPARED BY SAID, AT A MINIMUM MUST REVIEW THE CONTENTS OF THIS ANNUAL FINANCIAL STATEMENT WITH THE PREPARER, SO AS TO BE FAMILIAR WITH THE REPRESENTATIONS AND ASSERTIONS MADE HEREIN.

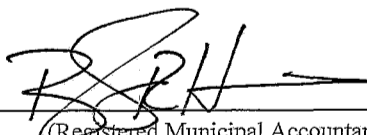
THE REQUIRED CERTIFICATION BY AN RMA IS AS FOLLOWS:

Preparation by Registered Municipal Accountant (Statement of Statutory Auditor Only)

I have prepared the post-closing trial balances, related statements and analyses included in the accompanying Annual Financial Statement from the books of account and records made available to me by the Borough of Seaside Heights as of December 31, 2016 and have applied certain agreed-upon procedures thereon as promulgated by the Division of Local Government Services, solely to assist the Chief Financial Officer in connection with the filing of the Annual Financial Statement for the year then ended as required by N.J.S. 40A:5-12, as amended.

Because the agreed-upon procedures do not constitute an examination of accounts made in accordance with generally accepted auditing standards, I do not express an opinion on any of the post-closing trial balances, related statements and analyses. In connection with the agreed-upon procedures, ~~(except for circumstances as set forth below, no matters)~~ or (no matters) [eliminate one] came to my attention that caused me to believe that the Annual Financial Statement for the year ended 12/31/16 is not in substantial compliance with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Had I performed additional procedures or had I made an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to my attention that would have been reported to the governing body and the Division. This Annual Financial Statement relates only to the accounts and items prescribed by the Division and does not extend to the financial statements of the municipality/county, taken as a whole.

Listing of agreed-upon procedures not performed and/or matters coming to my attention of which the Director should be informed:



(Registered Municipal Accountant)
Holman Frenia Allison, P.C.

(Firm Name)

680 Hooper Avenue, Building B, Suite 201

(Address)

Toms River, New Jersey 08753

(Address)

732-797-1333

(Phone Number)

RHaines@hfacpas.com

(Email)

732-797-1022

(Fax Number)

Certified by me

This 7TH day of FEBRUARY, 2017

NOTE THAT A TRIAL BALANCE IS REQUIRED AND NOT A BALANCE SHEET

**POST CLOSING
TRIAL BALANCE - CURRENT FUND**

AS AT DECEMBER 31, 2016

Cash Liabilities Must be Subtotalled and Subtotal Must be Marked With "C" - Taxes Receivable Must Be Subtotalled

Title of Account	Debit	Credit
Cash & Investments	4,407,319	
Change Fund	3,300	
Due From State of NJ - Sc & Vets	459	
Receivables:		
Taxes Receivable	22,871	
Tax Title Liens	12,068	
Revenue Accounts Receivable	36,398	
Interfund:		
Grant Fund	689,894	
Animal Control Fund	568	
Deferred Charges:		
Special Emergency Authorization	820,000	
Cash Liabilities:		
Appropriation Reserves		717,470
Encumbrances Payable		204,649
Payroll Deductions Payable		6,628
Prepaid Taxes		116,311
Local School Taxes Payable		5,468
Regional School Taxes Payable		113,098
Tax Overpayments		115,841
Special Improvements District Tax Payable		11,393
DCA Fees Payable		6,648
Marriage License Fees Payable		50
Reserve for Record of Evidence		10,670
Special Emergency Note Payable		820,000
Subtotal		2,128,226 C
Reserve for Receivable		761,799
Fund Balance		3,102,852
Deferred Charges - Community Disaster Loan	3,307,022	XXXXXXXXXX
Community Disaster Loan Payable	XXXXXXXXXX	3,201,590
Community Disaster Loan Interest Payable	XXXXXXXXXX	105,432
TOTALS	9,299,899	9,299,899

(Do not crowd - add additional sheets)

POST CLOSING TRIAL BALANCE - TRUST FUNDS

(Assessment Section Must be Separately Stated)

AS AT DECEMBER 31, 2016

Title of Account	Debit	Credit
Animal Control:		
Cash	1,748	
Due to State of NJ		12
Due to Current Fund		568
Reserve for Animal Control		1,168
Total Animal Control	1,748	1,748
Other Trusts :		
Cash	1,979,137	
Miscellaneous Reserves		1,979,137
Total Other Trusts	1,979,137	1,979,137
TOTALS	1,980,885	1,980,885

(Do not crowd - add additional sheets)

**POST CLOSING
TRIAL BALANCE - GENERAL CAPITAL FUND**

AS AT DECEMBER 31, 2016

Title of Account	Debit		Credit	
Est. Proceeds Bonds and Notes Authorized	369,938		XXXXXXXXXX	XX
Bonds and Notes Authorized but Not Issued	XXXXXXXXXX	XX	369,938	
Cash and Cash Equivalents	1,392,334			
Deferred Charges to Future Taxation:				
Funded	6,345,803			
Unfunded	8,704,414			
Serial Bonds Payable			6,182,000	
Green Trust Loan Payable			163,803	
Bond Anticipation Notes			8,334,476	
Improvement Authorizations:				
Funded			277,983	
Unfunded			1,015,124	
Reserve to Pay Bonds			14,170	
Capital Improvement			61,904	
Encumbrances Payable			82,064	
Fund Balance			311,027	
Total	16,812,489		16,812,489	

(Do not crowd - add additional sheets)

STATEMENT OF GENERAL BUDGET REVENUES 2016

Source	Budget -01		Realized -02		Excess or Deficit* -03	
Surplus Anticipated 80101-	2,257,380		2,257,380		-	
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-						
Miscellaneous Revenue Anticipated:	XXXXXXXXXX	XX	XXXXXXXXXX	XX	XXXXXXXXXX	XX
Adopted Budget	8,114,727		8,270,516		155,789	
Added by N.J.S. 40A:4-87: (List on 17a)	-		-		-	
Total Miscellaneous Revenue Anticipated 80103-	8,114,727		8,270,516		155,789	
Receipts from Delinquent Taxes 80104-	34,785		28,836		(5,949)	
Amount to be Raised by Taxation:	XXXXXXXXXX	XX	XXXXXXXXXX	XX	XXXXXXXXXX	XX
(a) Local Tax for Municipal Purposes 80105-	5,890,168		XXXXXXXXXX	XX	XXXXXXXXXX	XX
(b) Addition to Local District School Tax 80106-			XXXXXXXXXX	XX	XXXXXXXXXX	XX
(c) Minimum Library Tax 80121-			XXXXXXXXXX	XX	XXXXXXXXXX	XX
Total Amount to be Raised by Taxation 80107-	5,890,168		5,912,386		22,218	
	16,297,060		16,469,118		172,058	

ALLOCATION OF CURRENT TAX COLLECTIONS

			Debit		Credit	
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22) 80108-00			XXXXXXXXXX	XX	13,991,551	
Amount to be Raised by Taxation			XXXXXXXXXX	XX	XXXXXXXXXX	XX
Local District School Tax 80109-00			2,748,368		XXXXXXXXXX	XX
Regional School Tax 80119-00			-		XXXXXXXXXX	XX
Regional High School Tax 80110-00			2,850,066		XXXXXXXXXX	XX
County Taxes 80111-00			2,520,201		XXXXXXXXXX	XX
Due County for Added and Omitted Taxes 80112-00			-		XXXXXXXXXX	XX
Special District Taxes 80113-00			175,500		XXXXXXXXXX	XX
Municipal Open Space Tax 80120-00			-		XXXXXXXXXX	XX
Reserve for Uncollected Taxes 80114-00			XXXXXXXXXX	XX	214,970	
Deficit in Required Collection of Current Taxes (or) 80115-00			XXXXXXXXXX	XX		
Balance for Support of Municipal Budget (or) 80116-00			5,912,386		XXXXXXXXXX	XX
*Excess Non-Budget Revenue (see footnote) 80117-00					XXXXXXXXXX	XX
*Deficit Non-Budget Revenue (see footnote) 80118-00			XXXXXXXXXX	XX		
			14,206,521		14,206,521	

* These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.

STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2016

2016 Budget as Adopted	80012-01		16,297,059
2016 Budget - Added by N.J.S. 40A:4-87	80012-02		-
Appropriated for 2016 (Budget Statement Item 9)	80012-03		16,297,059
Appropriated for 2016 by Emergency Appropriation (Budget Statement Item 9)	80012-04		-
Total General Appropriations (Budget Statement Item 9)	80012-05		16,297,059
Add: Overexpenditures (see footnote)	80012-06		-
Total Appropriations and Overexpenditures	80012-07		16,297,059
Deduct Expenditures:			
Paid or Charged [Budget Statement Item (L)]	80012-08	15,361,967	
Paid or Charged - Reserve for Uncollected Taxes	80012-09	214,970	
Reserved	80012-10	717,470	
Total Expenditures	80012-11		16,294,407
Unexpended Balances Canceled (see footnote)	80012-12		2,652

FOOTNOTES - RE: OVEREXPENDITURES

Every appropriation overexpended in the budget document must be marked with an * and must agree in the aggregate with this item.

RE: UNEXPENDED BALANCES CANCELED:

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

NOT APPLICABLE

SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES

(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)

2016 Authorizations			
N.J.S. 40A:4-46 (After adoption of Budget)			
N.J.S. 40A:4-20 (Prior to adoption of Budget)			
Total Authorizations			
Deduct Expenditures:			
Paid or Charged			
Reserved			
Total Expenditures			

RESULTS OF 2016 OPERATION

CURRENT FUND

		Debit	Credit
Excess of anticipated Revenues:		XXXXXXXXXX XX	XXXXXXXXXX XX
Miscellaneous Revenues Anticipated	80013-01	XXXXXXXXXX XX	155,789
Delinquent Tax Collections	80013-02	XXXXXXXXXX XX	-
		XXXXXXXXXX XX	
Required Collection of Current Taxes	80013-03	XXXXXXXXXX XX	22,218
Unexpended Balances of 2016 Budget Appropriations	80013-04	XXXXXXXXXX XX	2,652
Miscellaneous Revenue Not Anticipated	81113-	XXXXXXXXXX XX	170,621
Miscellaneous Revenue Not Anticipated: Proceeds of Sale of Foreclosed Property (Sheet 27)	81114-	XXXXXXXXXX XX	
Payments in Lieu of Taxes on Real Property	81120-	XXXXXXXXXX XX	
Sale of Municipal Assets		XXXXXXXXXX XX	
Unexpended Balances of 2015 Appropriation Reserves	80013-05	XXXXXXXXXX XX	529,798
Prior Year Refund	80013-06	XXXXXXXXXX XX	
Interfunds Cleared		XXXXXXXXXX XX	1,040,808
Prepaid Regional High School Tax Cleared		XXXXXXXXXX XX	85,079
		XXXXXXXXXX XX	
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)		XXXXXXXXXX XX	XXXXXXXXXX XX
Balance January 1, 2016	80013-07	2,586,184	XXXXXXXXXX XX
Balance December 31, 2016	80013-08	XXXXXXXXXX XX	2,586,184
Deficit in Anticipated Revenues:		XXXXXXXXXX XX	XXXXXXXXXX XX
Miscellaneous Revenues Anticipated	80013-09		XXXXXXXXXX XX
Delinquent Tax Collections	80013-10	5,949	XXXXXXXXXX XX
			XXXXXXXXXX XX
Required Collection of Current Taxes	80013-11		XXXXXXXXXX XX
Interfund Advances Originating in 2016	80013-12		XXXXXXXXXX XX
Prior Year Tax Appeals Refunded		31,915	XXXXXXXXXX XX
Prior Year Senior Citizen Deductions Disallowed		250	XXXXXXXXXX XX
			XXXXXXXXXX XX
			XXXXXXXXXX XX
Deficit Balance - To Trial Balance (Sheet 3)	80013-13	XXXXXXXXXX XX	
Surplus Balance - To Surplus (Sheet 21)	80013-14	1,968,851	XXXXXXXXXX XX
		4,593,149	4,593,149

SCHEDULE OF MISCELLANEOUS REVENUES NOT ANTICIPATED

Source	Amount Realized
JIF Dividends	55,245
Wine Tasting Festival	41,312
Tax Sale Cost	18,014
Restitution	134
Copies	179
Return Check Fees	1,273
Zoning - Fence Permits	980
Radius Searches	230
Police Reports	480
Scrap Metal	592
Recycling Cans	4,007
Planning Board Applications	2,850
Events Application	3,625
Miscellaneous	8,020
Bus Service Reimbursements	10,000
2% Administrative Payment	295
Hurricane Sandy Donations	250
Division of Fire Safety	6,875
Beach Camping	2,940
Rent	11,800
Heiring Aid Bid Deposit	1,520
Total Amount of Miscellaneous Revenues Not Anticipated (Sheet 19)	\$ 170,621

SURPLUS - CURRENT FUND YEAR 2016

		Debit		Credit	
1. Balance January 1, 2016	80014-01	XXXXXXXXXX	XX	3,391,381	
2.		XXXXXXXXXX	XX		
3. Excess Resulting from 2016 Operations	80014-02	XXXXXXXXXX	XX	1,968,851	
4. Amount Appropriated in the 2016 Budget - Cash	80014-03	2,257,380		XXXXXXXXXX	XX
5. Amount Appropriated in the 2016 Budget - with Prior Written Consent of Director of Local Government Services	80014-04			XXXXXXXXXX	XX
6.				XXXXXXXXXX	XX
7. Balance December 31, 2016	80014-05	3,102,852		XXXXXXXXXX	XX
		5,360,232		5,360,232	

ANALYSIS OF BALANCE DECEMBER, 31, 2016 (FROM CURRENT FUND - TRIAL BALANCE)

Cash	80014-06	4,407,319	
Investments	80014-07	-	
Change Fund		3,300	
Sub Total		4,410,619	
Deduct Cash Liabilities Marked with "C" on Trial Balance	80014-08	2,128,226	
Cash Surplus	80014-09	2,282,393	
Deficit in Cash Surplus	80014-10		
Other Assets Pledged to Surplus: *			
(1) Due from State of N.J. Senior Citizens and Veterans Deduction	80014-16	459	
Deferred Charges #	80014-12	820,000	
Cash Deficit #	80014-13		
Total Other Assets	80014-14	820,459	
* IN THE CASE OF A "DEFICIT IN CASH SURPLUS", "OTHER ASSETS	80014-15	3,102,852	

WOULD ALSO BE PLEDGED TO CASH LIABILITIES.

MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2017 BUDGET.

(1) MAY BE ALLOWED UNDER CERTAIN CONDITIONS.

NOTE: Deferred charges for authorizations under N.J.S. 40A:4-55 (Tax Map, etc.), N.J.S. 40A:4-55 (Flood Damage, etc.), N.J.S. 40A:4-55.1 (Roads and Bridges, etc.) and N.J.S. 40A:4-55.13 (Public Exigencies, etc.) to the extent of emergency notes issued and outstanding for such purposes, together with such emergency notes, may be omitted from this analysis.

(FOR MUNICIPALITIES ONLY)
CURRENT TAXES - 2016 LEVY

1. Amount of Levy as per Duplicate (Analysis) #		82101-00	\$	<u>14,187,586</u>
or				
(Abstract of Ratables)		82113-00	\$	<u> </u>
2. Amount of Levy Special District Taxes		82102-00	\$	<u> </u>
3. Amount Levied for Omitted Taxes under N.J.S.A. 54:4-63.12 et. seq.		82103-00	\$	<u> </u>
4. Amount Levied for Added Taxes under N.J.S.A. 54:4-63.1 et. seq.		82104-00	\$	<u> </u>
5a. Subtotal 2016 Levy	\$			<u>14,187,586</u>
5b. Reductions due to tax appeals **	\$			<u> </u>
5c. Total 2016 Tax Levy		82106-00	\$	<u>14,187,586</u>
6. Transferred to Tax Title Liens		82107-00	\$	<u>8,879</u>
7. Transferred to Foreclosed Property		82108-00	\$	<u>-</u>
8. Remitted, Abated or Canceled		82109-00	\$	<u>164,285</u>
9. Discount Allowed		82110-00	\$	<u> </u>
10. Collected in Cash: In 2015	82121-00	\$		<u>99,186</u>
In 2016 *	82122-00	\$		<u>13,849,718</u>
Homestead Benefit Credit	82124-00	\$		<u>27,647</u>
State's Share of 2016 Senior Citizens and Veterans Deductions Allowed	82123-00	\$		<u>15,000</u>
Total to Line 14	82111-00	\$		<u>13,991,551</u>
11. Total Credits			\$	<u>14,164,715</u>
12. Amount Outstanding December 31, 2016		83120-00	\$	<u>22,871</u>
13. Percentage of Cash Collections to Total 2016 Levy, (Item 10 divided by Item 5c) is	<u>98.61%</u>	82112-00		

Note: If municipality conducted Accelerated Tax Sale or Tax Levy Sale check here _____ & complete sheet 22a

14. <u>Calculation of Current Taxes Realized in Cash:</u>				
Total of Line 10		\$		<u>13,991,551</u>
Less: Reserve for Tax Appeals Pending State Division of Tax Appeals			\$	<u> </u>
To Current Taxes Realized in Cash (Sheet 17)			\$	<u>13,991,551</u>

Note A: In showing the above percentage the following should be noted:
Where Item 5 shows \$1,500,000.00, and Item 10 shows \$1,049,977.50,
the percentage represented by the cash collections would be
\$1,049,977.50 / \$1,500,000 or .699985. The correct percentage to
be shown as Item 13 is 69.99% and not 70.00%, nor 69.999%

Note: On Item 1 if Duplicate (Analysis) Figure is used; be sure to include
Senior Citizens and Veterans Deductions.

* Include overpayments applied as part of 2016 collections.

** Tax appeals pursuant to R.S. 54:3-21 et seq and/or R.S. 54:48-1 et seq approved by resolution of the governing
body prior to introduction of municipal budget. (N.J.S.A. 40A:4-41)

SCHEDULE OF DELINQUENT TAXES AND TAX TITLE LIENS

				Debit		Credit	
1.	Balance January 1, 2016			47,174		XXXXXXXXXX	XX
	A. Taxes	83102-00	45,699	XXXXXXXXXX	XX	XXXXXXXXXX	XX
	B. Tax Title Liens	83103-00	1,475	XXXXXXXXXX	XX	XXXXXXXXXX	XX
2.	Canceled:			XXXXXXXXXX	XX	XXXXXXXXXX	XX
	A. Taxes		83105-00	XXXXXXXXXX	XX	31,288	
	B. Tax Title Liens		83106-00	XXXXXXXXXX	XX		
3.	Transferred to Foreclosed Tax Title Liens:			XXXXXXXXXX	XX	XXXXXXXXXX	XX
	A. Taxes		83108-00	XXXXXXXXXX	XX		
	B. Tax Title Liens		83109-00	XXXXXXXXXX	XX		
4.	Added Taxes			750		XXXXXXXXXX	XX
5.	Added Tax Title Liens			14,744		XXXXXXXXXX	XX
6.	Adjustment between Taxes (Other than current year) and Tax Title Liens:			XXXXXXXXXX	XX	XXXXXXXXXX	XX
	A. Taxes - Transfers to Tax Title Liens		83104-00	XXXXXXXXXX	XX	(1)	
	B. Tax Title Liens - Transfers from Taxes		83107-00	(1)		XXXXXXXXXX	XX
7.	Balance Before Cash Payments			XXXXXXXXXX	XX	31,380	
8.	Totals			62,668		62,668	
9.	Balance Brought Down			31,380		XXXXXXXXXX	XX
10.	Collected:			XXXXXXXXXX	XX	28,836	
	A. Taxes	83116-00	15,161	XXXXXXXXXX	XX	XXXXXXXXXX	XX
	B. Tax Title Liens	83117-00	13,675	XXXXXXXXXX	XX	XXXXXXXXXX	XX
11.	Interest and Costs - 2016 Tax Sale			645		XXXXXXXXXX	XX
12.	2016 Taxes Transferred to Liens			8,879		XXXXXXXXXX	XX
13.	2016 Taxes			22,871		XXXXXXXXXX	XX
14.	Balance December 31, 2016			XXXXXXXXXX	XX	34,939	
	A. Taxes	83121-00	22,871	XXXXXXXXXX	XX	XXXXXXXXXX	XX
	B. Tax Title Liens	83122-00	12,068	XXXXXXXXXX	XX	XXXXXXXXXX	XX
15.	Totals			63,775		63,775	

16. Percentage of Cash Collections to Adjusted Amount Outstanding
(Item No. 10 divided by Item No. 9) is 91.89%

17. Item No. 14 multiplied by percentage shown above is \$ 32,106.47 and represents the maximum amount that may be anticipated in 2017. 83125-00

(See Note A on Sheet 22 - Current Taxes)

(1) These amounts will always be the same.

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**AUDITED FINANCIAL STATEMENTS OF THE BOROUGH
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Borough Council
Borough of Seaside Heights
County of Ocean
Seaside Heights, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Borough of Seaside Heights, County of Ocean, State of New Jersey (the "Borough") as of December 31, 2015 and 2014, the related statements of operations and change in fund balance - regulatory basis for the years then ended, the related statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements. We were engaged to audit the financial statements of the fixed assets account group. These financial statements collectively comprise the Borough's basic financial statements listed as financial statement exhibits in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. Except as described in the Basis for Disclaimer of Opinion and Basis for Qualified Opinion paragraphs, 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

Auditor's Responsibility (continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described 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 as of December 31, 2015 and 2014, or changes in its financial position for the years then ended.

Basis for Disclaimer of Opinion on the General Fixed Assets Account Group

The Borough did not record additions and dispositions occurring in 2015 and 2014 to the general fixed assets accounts and did not provide us with audit evidence to support the amounts recorded in the General Fixed Assets Account Group - Regulatory Basis as of December 31, 2015 and 2014 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The amounts by which these departures from required financial reporting provisions would affect general fixed assets and investment in general fixed assets has not been determined.

Disclaimer of Opinion on the General Fixed Assets Account Group

Because of the significance of the matters described in the Basis for Disclaimer of Opinion on the General Fixed Assets Account Group paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the general fixed assets account group.

Basis for Qualified Opinion on the Trust Fund

The financial statements of the Length of Service Award Program (“LOSAP”) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements as part of our audit of the Borough’s financial statements. The LOSAP Fund financial activities are included in the Borough’s Trust Fund, and represent 18.40% and 17.69% of the assets and liabilities and reserves of the Borough’s Trust Fund as of December 31, 2015 and 2014, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Trust Fund paragraph, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Trust Fund of the Borough as of December 31, 2015 and 2014 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the Current Fund, General Capital Fund, Water/Sewer Utility Fund, and the Electric Utility Fund of the Borough as of December 31, 2015 and 2014, the statements of operations and change in fund balance - regulatory basis for the years then ended, the statements of fund balance - regulatory basis for the years then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the individual funds for the year ended December 31, 2015 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

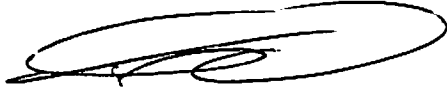
Other Matters

Our audits were conducted for the purpose of forming opinions on the financial statements, which collectively comprise the Borough’s financial statements. The supplementary schedules and comments section listed in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and also not a required part of the financial statements.

The supplementary schedules, comments section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the LOSAP Fund and General Fixed Assets Account Group supplementary schedules, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole, based on the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2016 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
December 7, 2016

Oliwa & Company

Certified Public Accountants

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

To the Honorable Mayor and Members
of the Borough Council
Borough of Seaside Heights
County of Ocean
Seaside Heights, New Jersey

We have audited, 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the Borough of Seaside Heights, County of Ocean, State of New Jersey (the "Borough") as of and for the year ended December 31, 2015, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated December 7, 2016. We expressed an adverse opinion on the conformity of the Borough's regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division. We expressed an unmodified opinion on the regulatory basis financial statements of the Current Fund, General Capital Fund, Water/Sewer Utility Fund, and Electric Utility Fund as to conformity with the financial reporting provisions of the Division, a disclaimer of opinion on the regulatory basis financial statements of the General Fixed Assets Account Group as to conformity with the financial reporting provisions of the Division and, since the Length of Service Award Program Fund was not audited, a qualified opinion on the Trust Fund.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Internal Control over Financial Reporting (continued)

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding #2015-001). This finding has also been reported to the management of the Borough in the accompanying comments and recommendations section.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

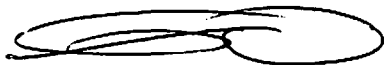
As part of obtaining reasonable assurance about whether the Borough's regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

Borough's Response to Findings

The Borough's response to the finding in our audit is described in the accompanying schedule of findings and questioned costs and comments and recommendations section. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Robert S. Oliwa
Certified Public Accountant
Registered Municipal Accountant #414

Oliwa & Company

Freehold, New Jersey
December 7, 2016

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash and Cash Equivalents:			
Cash	1-A	\$8,064,898.77	\$1,124,598.47
Change Funds		2,700.00	2,900.00
Petty Cash		200.00	200.00
Due from State of New Jersey (PL 1971, Ch.20)		459.45	
		<u>8,068,258.22</u>	<u>1,127,698.47</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	2-A	45,698.96	44,421.99
Tax Title Liens Receivable	3-A	1,475.04	342.40
Revenue Accounts Receivable	4-A	36,397.56	32,183.31
Prepaid Regional High School Tax	9-A	85,078.89	67,434.29
Delinquent Penalties Receivable			7,516.29
Due from Animal Control Fund		1,170.60	975.20
Due from Water/Sewer Operating Fund			79,061.72
Due from General Capital Fund			17,987.97
Due from Federal and State Grant Fund		1,730,100.59	2,337,720.05
	A	<u>1,899,921.64</u>	<u>2,587,643.22</u>
Deferred Charges:			
Special Emergency Authorization		1,640,000.00	2,460,000.00
Cash Deficit			887,273.15
Overexpenditure of Appropriations	A-3	30,000.00	
		<u>1,670,000.00</u>	<u>3,347,273.15</u>
		<u>11,638,179.86</u>	<u>7,062,614.84</u>
Federal and State Grant Fund:			
Grants Receivable	10-A	2,506,062.43	2,961,104.54
		<u>\$14,144,242.29</u>	<u>\$10,023,719.38</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Appropriation Reserves	A-3,5-A	\$573,882.41	\$275,062.61
Reserve for Encumbrances	A-3,5-A	366,681.41	182,664.85
Accounts Payable	5-A	2,400.00	
Special Emergency Notes Payable		1,640,000.00	1,811,564.00
Prepaid Taxes		99,186.23	186,662.95
Special Improvement District Taxes Payable	6-A	11,393.10	11,134.16
County Taxes Payable	7-A	30,401.25	46,852.42
Payroll Deductions Payable		5,458.66	1,887.70
DCA Fees Payable		6,647.00	12,344.00
Marriage License Fees Payable		50.00	75.00
Tax Overpayments		51,881.64	126,151.67
Due to State of New Jersey (PL 1971, Ch.20)			40.55
Reserve for Hurricane Sandy		64,158.96	99,633.96
Due to Electric Operating Fund		479,199.94	479,199.94
Due to Other Trust Fund			130,000.00
Reserve for Record of Evidence		10,669.53	3,998.30
Reserve for Insurance		1,815,076.64	
Reserve for FEMA		1,189,790.20	
Reserve for Revaluation of Property			37,263.84
		6,346,876.97	3,404,535.95
Reserve for Receivables and Other Assets	A	1,899,921.64	2,587,643.22
Fund Balance	A-1	3,391,381.25	1,070,435.67
		11,638,179.86	7,062,614.84
 Federal and State Grant Fund:			
Due to Current Fund		1,730,100.59	2,337,720.05
Encumbrances Payable	11-A	118,054.48	146,859.00
Appropriated Reserves	11-A	645,632.19	465,979.42
Unappropriated Reserves	12-A	12,275.17	10,546.07
		2,506,062.43	2,961,104.54
		<u>\$14,144,242.29</u>	<u>\$10,023,719.38</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$534,317.90
Miscellaneous Revenue Anticipated	A-2	\$10,353,125.38	9,789,160.40
Receipts from Current Taxes	A-2	13,805,986.40	12,497,576.65
Receipts from Delinquent Taxes	A-2	44,764.39	
Non-Budget Revenues	A-2	515,764.85	316,727.29
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	5-A	209,214.40	60,309.93
Prior Year Interfunds Returned		2,435,371.94	610,744.19
Canceled Reserve for Prepaid Regional School Taxes			7,694.61
Canceled Appropriated Grant Reserves	11-A	141,859.07	
Canceled Reserve for Revaluation		37,263.84	
Statutory Excess in Dog License Fund	1-A	373.00	602.20
Total Revenue		<u>27,543,723.27</u>	<u>23,817,133.17</u>
<u>Expenditures</u>			
Budget Appropriations Within CAPS:			
Operations:			
Salaries and Wages	A-3	4,774,721.00	4,085,202.00
Other Expenses	A-3	4,326,043.00	3,693,798.00
Deferred Charges and Statutory Expenditures	A-3	1,333,404.50	1,367,274.78
Cash Deficit from Preceding Year	A-3	887,273.15	726,978.02
Budget Appropriations Excluded from CAPS:			
Operations:			
Salaries and Wages	A-3	1,800,000.00	2,300,000.00
Other Expenses	A-3	180,269.46	1,088,007.45
Capital Improvements	A-3	678,500.00	210,000.00
Municipal Debt Service	A-3	953,871.60	1,125,474.06
Deferred Charges	A-3	820,000.00	820,000.00
Special District Taxes	6-A	175,758.94	176,425.33
County Taxes	7-A	2,762,546.47	2,756,858.38
Local District School Tax	8-A	2,583,893.48	2,228,871.52
Regional High School Tax	9-A	2,042,330.00	1,649,725.00
Interfunds Advanced		1,730,702.81	2,435,744.94
Prepaid Regional School Tax		17,644.60	
Tax Appeals		28,935.57	
Adjustment to Change Fund		200.00	
Canceled Grant Receivables	10-A	156,683.11	
Refunds			40,046.84
Total Expenditures		<u>25,252,777.69</u>	<u>24,704,406.32</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Excess in Revenue		\$2,290,945.58	
Deficit in Revenue			\$887,273.15
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year:		30,000.00	
Statutory Excess to Surplus		2,320,945.58	
Deficit in Operations to be Raised in Budget of Succeeding Year			<u>\$887,273.15</u>
Fund Balance January 1	A	1,070,435.67	\$1,604,753.57
Decreased by:		3,391,381.25	1,604,753.57
Utilized as Anticipated Revenue	A-1		534,317.90
Fund Balance December 31	A	<u>\$3,391,381.25</u>	<u>\$1,070,435.67</u>

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

		<u>Anticipated</u>		
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	4-A	\$85,900.00	\$88,400.00	\$2,500.00
Other	4-A	170,200.00	133,635.36	(36,564.64)
Fees and Permits	4-A	187,400.00	251,155.00	63,755.00
Municipal Court Fines and Costs	4-A	905,300.00	765,924.61	(139,375.39)
Interest and Costs on Taxes	4-A	74,700.00	68,359.34	(6,340.66)
Parking Meters	4-A	1,226,000.00	1,385,622.75	159,622.75
Beach Fees	4-A	1,433,000.00	1,713,536.40	280,536.40
Rentals	4-A	376,400.00	391,651.75	15,251.75
Ocean Cable TV	4-A	10,177.00	16,136.00	5,959.00
Energy Receipts Tax	4-A	160,582.00	157,401.06	(3,180.94)
Uniform Construction Code Fees	4-A	250,000.00	260,000.65	10,000.65
Recycling Tonnage Grant	10-A	7,684.23	7,684.23	
Clean Communities Program	10-A	10,998.39	10,998.39	
Body Armor Fund	10-A	2,861.84	2,861.84	
NJDOT - Franklin Avenue	10-A	138,500.00	138,500.00	
NJDOT - Ocean Terrance Handicap Access Improvements	10-A	400,000.00	400,000.00	
CDBG - Senior Transportation Services	10-A	5,000.00	5,000.00	
COPS in Shops - Summer Shore Initiative	10-A	1,600.00	1,600.00	
966 Stewart Grant	10-A	2,125.00	2,125.00	

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Miscellaneous Revenues (continued):				
Utility Operating Surplus of Prior Year	4-A	\$1,807,200.00	\$1,807,200.00	
FEMA Reimbursement Receivable - Special Emergency Note	4-A	683,333.00	683,333.00	
FEMA Reimbursement Receivable - Interest on Special Emergency Note	4-A	23,000.00	23,000.00	
FEMA Reimbursement Receivable	4-A	200,000.00	200,000.00	
CDBG - Essential Services Grant	10-A	1,800,000.00	1,800,000.00	
General Capital Fund Surplus	4-A	39,000.00	39,000.00	
	A-1	<u>10,000,961.46</u>	<u>10,353,125.38</u>	<u>\$352,163.92</u>
Receipts from Delinquent Taxes	A-1,A-2	<u>44,000.00</u>	<u>44,764.39</u>	<u>764.39</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2,2-A	<u>5,774,648.71</u>	<u>5,788,714.05</u>	<u>14,065.34</u>
Budget Totals		<u>15,819,610.17</u>	<u>16,186,603.82</u>	<u>\$366,993.65</u>
Non-Budget Revenues	A-1,A-2		<u>515,764.85</u>	
		<u>\$15,819,610.17</u>	<u>\$16,702,368.67</u>	
	<u>Ref.</u>	A-3		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,2-A	\$13,805,986.40
Allocated to School, County and Special District Taxes		<u>8,110,671.41</u>
Balance for Support of Municipal Budget Appropriations		5,695,314.99
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>93,399.06</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$5,788,714.05</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	2-A	\$44,421.99
Tax Title Lien Collections	3-A	342.40
	A-2	<u><u>\$44,764.39</u></u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

Analysis of Non-Budget Revenues

Sale of Assets	\$275,100.00
Police Outside Employment Administrative Fees	130,000.00
Wine Tasting Festival	36,349.44
Bus Service Reimbursements	20,000.00
Miscellaneous	11,894.30
Driveway Parking Fees	10,000.00
Premium on the Sale of Notes	6,547.00
Prior Year DOT Grant	5,000.00
Cancelled Foreclosed Premium	4,000.00
Scrap Metal	3,060.00
Certificate of Occupancy Fees	2,700.00
Police Application Fees	2,240.00
Planning Board Applications	2,100.00
Recycling Cans	1,460.00
Event Applications	925.00
Zoning - Fence Permits	770.00
DMV Inspection Fines	700.00
Community Disaster Loan Proceeds	590.00
Police Reports	564.20
Restitution	480.00
Hurricane Sandy Donations	324.50
Senior Citizen/Veterans Administrative Fee	255.00
Interest on Investments	212.60
Radius Searches	180.00
Returned Check Fees	180.00
Copies	132.81
	<u>\$515,764.85</u>

Ref. A-1,A-2,1-A

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$132,000.00	\$127,620.00	\$125,003.03	\$2,616.97		
Other Expenses	290,000.00	331,379.00	331,272.51	106.49		
Mayor and Council:						
Salaries and Wages	31,000.00	31,000.00	30,413.67	586.33		
Other Expenses	2,500.00	2,500.00	2,194.00	306.00		
Municipal Clerk:						
Salaries and Wages	69,000.00	69,000.00	68,611.43	388.57		
Other Expenses	32,000.00	32,000.00	30,861.52	1,138.48		
Financial Administration (Treasury):						
Salaries and Wages	107,000.00	107,000.00	106,022.43	977.57		
Other Expenses	126,000.00	126,000.00	109,735.29	16,264.71		
Audit Services:						
Other Expenses	25,000.00	25,000.00	19,320.00	5,680.00		
Revenue Administration (Tax Collection):						
Salaries and Wages	31,000.00	27,500.00	26,912.37	587.63		
Other Expenses	15,000.00	15,000.00	11,443.80	3,556.20		
Tax Assessment Administration:						
Salaries and Wages	23,000.00	23,000.00	21,999.90	1,000.10		
Other Expenses	12,000.00	12,000.00	11,345.01	654.99		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
GENERAL GOVERNMENT (continued)						
Legal Services (Legal Department):						
Salaries and Wages	\$84,100.00	\$84,100.00	\$84,000.02	\$99.98		
Other Expenses	190,000.00	230,000.00	215,227.89	14,772.11		
Engineering Services:						
Other Expenses	30,000.00	65,000.00	60,371.25	4,628.75		
Redevelopment Agency:						
Salaries and Wages	4,000.00	4,000.00	3,923.09	76.91		
Other Expenses	3,000.00	3,000.00	1,991.25	1,008.75		
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	6,000.00	6,001.00	6,000.00	1.00		
Other Expenses	34,000.00	24,000.00	22,314.14	1,685.86		
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Official:						
Salaries and Wages	74,500.00	71,500.00	71,141.20	358.80		
Other Expenses	29,000.00	29,000.00	21,644.82	7,355.18		
Other Code Enforcement Functions:						
Salaries and Wages	170,000.00	157,000.00	153,346.65	3,653.35		
Other Expenses	15,000.00	38,000.00	34,308.99	3,691.01		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
INSURANCE						
Unemployment	\$150,000.00	\$90,000.00	\$50,000.00	\$40,000.00		
General Liability	265,000.00	265,000.00	264,754.72	245.28		
Worker's Compensation	300,000.00	300,000.00	300,000.00			
Employee Group Health	1,252,000.00	1,252,000.00	1,237,097.20	14,902.80		
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	2,186,000.00	2,186,000.00	2,086,074.63	99,925.37		
Other Expenses	406,000.00	396,000.00	386,698.32	9,301.68		
Police Dispatch/911:						
Salaries and Wages	350,000.00	350,000.00	347,035.74	2,964.26		
Other Expenses	5,000.00	5,000.00	2,023.75	2,976.25		
Office of Emergency Management:						
Salaries and Wages	9,000.00	8,000.00	7,416.39	583.61		
Other Expenses	8,000.00	6,000.00	4,372.91	1,627.09		
Aid to Volunteer Fire Companies	60,000.00	60,000.00	60,000.00			
Aid to Volunteer Ambulance Companies	55,000.00	55,000.00	55,000.00			
Municipal Prosecutor's Office:						
Salaries and Wages	68,500.00	68,500.00	67,499.90	1,000.10		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
MUNICIPAL COURT						
Salaries and Wages	\$380,000.00	\$380,000.00	\$376,836.04	\$3,163.96		
Other Expenses	30,000.00	30,000.00	29,954.80	45.20		
PUBLIC DEFENDER						
Other Expenses	32,500.00	32,500.00	23,474.92	9,025.08		
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	141,000.00	123,500.00	116,200.89	7,299.11		
Other Expenses	17,000.00	17,000.00	16,932.69	67.31		
Other Public Works Functions:						
Salaries and Wages	10,000.00	10,000.00	9,139.00	861.00		
Other Expenses	20,000.00	38,000.00	35,415.00	2,585.00		
Solid Waste Collection:						
Salaries and Wages	180,500.00	175,500.00	168,600.98	6,899.02		
Other Expenses	15,000.00	15,000.00	12,075.83	2,924.17		
Building and Grounds:						
Salaries and Wages	178,000.00	173,000.00	166,652.16	6,347.84		
Other Expenses	65,000.00	72,000.00	71,876.28	123.72		
Vehicle Maintenance:						
Salaries and Wages	33,000.00	33,000.00	31,405.90	1,594.10		
Other Expenses	113,000.00	113,000.00	97,244.73	15,755.27		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	\$2,000.00	\$2,000.00	\$2,000.00			
Other Expenses	1,000.00	1,000.00		\$1,000.00		
Animal Control Services:						
Other Expenses	5,000.00	5,000.00	998.70	4,001.30		
Welfare/Administration of Public Assistance:						
Other Expenses	1,000.00	1,000.00		1,000.00		
Contributions to Seniors:						
Other Expenses	1,000.00	1,000.00	1,000.00			
PARKS AND RECREATION						
Maintenance of Parks:						
Other Expenses	4,000.00	7,000.00	6,537.97	462.03		
Beach and Boardwalk Operations:						
Salaries and Wages	645,000.00	557,500.00	544,410.91	13,089.09		
Other Expenses	140,164.00	163,664.00	160,230.69	3,433.31		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
UNCLASSIFIED						
Telephone (excluding equipment acquisition)	\$60,000.00	\$60,000.00	\$41,887.60	\$18,112.40		
Gas (Natural or Propane)	3,000.00	3,000.00	2,091.26	908.74		
Gasoline	175,000.00	175,000.00	106,276.61	68,723.39		
Landfill/Solid Waste Disposal Costs	230,000.00	230,000.00	180,000.00	50,000.00		
Total Operations Within "CAPS"	<u>9,131,764.00</u>	<u>9,100,764.00</u>	<u>8,638,620.78</u>	<u>462,143.22</u>		
Detail:						
Salaries and Wages	4,914,600.00	4,774,721.00	4,620,646.33	154,074.67		
Other Expenses	4,217,164.00	4,326,043.00	4,017,974.45	308,068.55		
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Prior Year Bills:						
Girtan Sign Co., LLC, 2012, 2013	2,477.50	2,477.50	2,477.50			
Contribution to:						
Public Employees' Retirement System	235,516.00	235,516.00	226,022.32	9,493.68		
Social Security System (O.A.S.I.)	500,000.00	500,000.00	472,353.33	27,646.67		
Police and Firemen's Retirement System of NJ	585,411.00	585,411.00	585,370.35	40.65		
Defined Contribution Retirement Program	10,000.00	10,000.00	9,419.00	581.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,333,404.50</u>	<u>1,333,404.50</u>	<u>1,295,642.50</u>	<u>37,762.00</u>		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Within "CAPS"</u>						
Cash Deficit of Preceding Year	\$887,273.15	\$887,273.15	\$887,273.15			
Total General Appropriations For Municipal Purposes Within "CAPS"	11,352,441.65	11,321,441.65	10,821,536.43	\$499,905.22		
<u>Operations Excluded from "CAPS"</u>						
LOSAP	25,000.00	25,000.00		25,000.00		
Additional Hurricane Sandy Related Costs	125,000.00	125,000.00	76,022.81	48,977.19		
CDBG Essential Services Appropriations						
Police - Salaries and Wages	1,800,000.00	1,800,000.00	1,800,000.00			
	<u>1,950,000.00</u>	<u>1,950,000.00</u>	<u>1,876,022.81</u>	<u>73,977.19</u>		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Recycling Tonnage Grant	7,684.23	7,684.23	7,684.23			
Body Armor Replacement Fund	2,861.84	2,861.84	2,861.84			
Clean Communities Grant	10,998.39	10,998.39	10,998.39			
COPS in Shops - Summer Shore Initiative	1,600.00	1,600.00	1,600.00			
CDBG - Senior Transportation Services	5,000.00	5,000.00	5,000.00			
966 Stewart Grant	2,125.00	2,125.00	2,125.00			
Total Public and Private Program Offset by Revenues	<u>30,269.46</u>	<u>30,269.46</u>	<u>30,269.46</u>			

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Operations Excluded from "CAPS"</u>						
Total Operations Excluded from "CAPS"	\$1,980,269.46	\$1,980,269.46	\$1,906,292.27	\$73,977.19		
Detail:						
Salaries and Wages	1,800,000.00	1,800,000.00	1,800,000.00			
Other Expenses	180,269.46	180,269.46	106,292.27	73,977.19		
<u>Capital Improvements Excluded from "CAPS"</u>						
Capital Improvement Fund	80,000.00	110,000.00	140,000.00			\$30,000.00
NJDOT Trust - Ocean Terrace						
Handicap Access Imp.	400,000.00	400,000.00	400,000.00			
NJDOT - Franklin Avenue	138,500.00	138,500.00	138,500.00			
Total Capital Improvements Excluded from "CAPS"	618,500.00	648,500.00	678,500.00			30,000.00

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
<u>Municipal Debt Service Excluded from "CAPS"</u>						
Payment of Bond Principal	\$585,000.00	\$585,000.00	\$585,000.00			
Payment of Bond Anticipation Notes and Capital Notes	99,000.00	99,000.00	98,356.00		\$644.00	
Interest on Bonds	131,000.00	131,000.00	130,236.63		763.37	
Interest on Notes	105,000.00	106,000.00	105,689.57		310.43	
Green Trust Loan Program: Loan Repayments for Principal and Interest	35,000.00	35,000.00	34,589.40		410.60	
Total Municipal Debt Service Excluded from "CAPS"	<u>955,000.00</u>	<u>956,000.00</u>	<u>953,871.60</u>		<u>2,128.40</u>	
<u>Deferred Charges Excluded from "CAPS"</u>						
Special Emergency Authorizations 5 Years (N.J.S.A. 40A:4-55)	<u>820,000.00</u>	<u>820,000.00</u>	<u>820,000.00</u>			

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget after Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$4,373,769.46	\$4,404,769.46	\$4,358,663.87	\$73,977.19	\$2,128.40	\$30,000.00
Subtotal General Appropriations	15,726,211.11	15,726,211.11	15,180,200.30	573,882.41	2,128.40	30,000.00
Reserve for Uncollected Taxes	93,399.06	93,399.06	93,399.06			
Total General Appropriations	<u>\$15,819,610.17</u>	<u>\$15,819,610.17</u>	<u>\$15,273,599.36</u>	<u>\$573,882.41</u>	<u>\$2,128.40</u>	<u>\$30,000.00</u>
<u>Ref.</u>	A-2		A-1	A,A-1		A
		<u>Ref.</u>				
Reserve for Uncollected Taxes		A-2	\$93,399.06			
Cash Disbursed		1-A	10,737,476.28			
Appropriated Reserves for Federal and State Grants		11-A	2,368,769.46			
Deferred Charge - Special Emergency Authorization (40A:4-55)			820,000.00			
Deferred Charge - Operating Deficit			887,273.15			
Encumbrances Payable		A	366,681.41			
			<u>\$15,273,599.36</u>			

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal Control Trust Fund:			
Cash and Cash Equivalents	1-B	<u>\$1,981.20</u>	<u>\$1,891.60</u>
Other Trust Fund:			
Cash and Cash Equivalents	1-B	1,341,753.60	1,319,537.48
Due from Current Fund		<u>130,000.00</u>	<u>130,000.00</u>
		<u>1,341,753.60</u>	<u>1,449,537.48</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Investments	5-B	<u>303,062.11</u>	<u>312,022.06</u>
		<u>\$1,646,796.91</u>	<u>\$1,763,451.14</u>
 <u>Liabilities and Reserves</u>			
Animal Control Fund:			
Due to State of New Jersey	2-B	\$15.00	\$4.20
Due to Current Fund		1,170.60	975.20
Reserve for Animal Control Fund Expenditures	4-B	<u>795.60</u>	<u>912.20</u>
		<u>1,981.20</u>	<u>1,891.60</u>
Other Trust Fund:			
Miscellaneous Reserves	3-B	1,340,400.58	1,448,184.46
Encumbrances Payable		<u>1,353.02</u>	<u>1,353.02</u>
		<u>1,341,753.60</u>	<u>1,449,537.48</u>
Length of Service Award Program Fund (LOSAP) - Unaudited:			
Reserve for Length of Service Award Program Fund	6-B	<u>303,062.11</u>	<u>312,022.06</u>
		<u>\$1,646,796.91</u>	<u>\$1,763,451.14</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash and Cash Equivalents	1-C	\$1,217,536.76	\$1,538,048.20
Deferred Charges to Future Taxation:			
Funded	3-C	7,116,653.16	2,904,895.12
Unfunded	4-C	10,394,353.97	12,665,647.97
		<u>\$18,728,543.89</u>	<u>\$17,108,591.29</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	5-C	\$6,922,000.00	\$2,680,000.00
Bond Anticipation Notes	6-C	7,721,854.00	12,647,660.00
Green Acres Loan Payable	7-C	194,653.16	224,895.12
Contracts Payable	8-C	462,448.70	302,706.69
Improvement Authorizations:			
Funded	8-C	420,771.09	46,285.32
Unfunded	8-C	2,788,413.63	1,134,979.88
Capital Improvement Fund	9-C	404.19	92.19
Due to Current Fund			17,987.97
Reserve to Pay Bonds		14,169.65	14,169.65
Fund Balance	C-1	203,829.47	39,814.47
		<u>\$18,728,543.89</u>	<u>\$17,108,591.29</u>

There were bonds and notes authorized but not issued of \$2,672,499.97 on December 31, 2015 and \$17,987.97 on December 31, 2014. (Schedule 10-C)

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$39,814.47	\$146,839.47
Increased by:			
Premium on the Sale of Notes	1-C	98,195.00	17,975.00
Premium on the Sale of Bonds	1-C	<u>104,820.00</u>	<u>164,814.47</u>
		242,829.47	164,814.47
Decreased by:			
Payment to Current Fund as Anticipated Revenue	1-C	<u>39,000.00</u>	<u>125,000.00</u>
Balance, December 31	C	<u><u>\$203,829.47</u></u>	<u><u>\$39,814.47</u></u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-D	\$87,200.22	\$53,070.74
Change Fund		100.00	100.00
Grant Receivable		378,750.00	505,000.00
Due from Electric Operating Fund			551.56
Due from Water/Sewer Capital Fund			420,000.00
		<u>466,050.22</u>	<u>978,722.30</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D,3-D	<u>17,971.41</u>	<u>53,714.95</u>
Deferred Charges:			
Operating Deficit	D-1	<u>38,517.15</u>	<u>46,311.73</u>
Total Operating Fund		<u>522,538.78</u>	<u>1,078,748.98</u>
Capital Fund:			
Cash and Cash Equivalents	1-D	53,040.17	501,964.17
Grant Receivable		47,077.00	47,077.00
Fixed Capital	4-D	15,232,605.83	15,232,605.83
Fixed Capital Authorized and Uncompleted	5-D	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Total Capital Fund		<u>16,332,723.00</u>	<u>16,781,647.00</u>
		<u>\$16,855,261.78</u>	<u>\$17,860,395.98</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,6-D	\$279,640.21	\$152,632.80
Encumbrances Payable	D-4,6-D	113,278.08	333,379.54
Accrued Interest Payable	7-D	51,656.05	54,692.68
Due to Current Fund			79,061.72
Water/Sewer Overpayments		10,705.44	12,823.01
		<u>455,279.78</u>	<u>632,589.75</u>
Reserve for Receivables	D	17,971.41	53,714.95
Fund Balance	D-1	49,287.59	392,444.28
Total Operating Fund		<u>522,538.78</u>	<u>1,078,748.98</u>
Capital Fund:			
Serial Bonds	8-D	1,299,000.00	1,000,000.00
Bond Anticipation Notes	9-D	894,736.00	1,361,618.00
Loans Payable	10-D	4,030,674.15	4,099,119.46
Improvement Authorizations:			
Unfunded	17-D	800.00	
Capital Improvement Fund	14-D	93,108.53	93,108.53
Contracts Payable	17-D		14,724.00
Reserve for Amortization	15-D	9,951,313.68	9,767,868.37
Reserve to Pay Notes		1,187.42	15,937.42
Deferred Reserve for Amortization	16-D	56,632.00	4,000.00
Due to Water/Sewer Operating Fund			420,000.00
Fund Balance	D-2	5,271.22	5,271.22
Total Capital Fund		<u>16,332,723.00</u>	<u>16,781,647.00</u>
		<u>\$16,855,261.78</u>	<u>\$17,860,395.98</u>

There were bonds and notes authorized but not issued on December 31, 2015 in the amount of \$250.00 and there were no bonds and notes authorized but not issued on December 31, 2014. (Schedule 18-D)

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$343,156.69	\$66,000.00
Water/Sewer Rents	D-3	2,198,851.95	2,379,162.31
Miscellaneous Revenue	D-3	46,366.57	43,583.27
Anticipated Insurance Recovery Proceeds			6,000.00
CDBG Essential Services Grant	D-3	378,750.00	505,000.00
Reserve to Pay Notes	D-3	14,750.00	360,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	6-D	137,674.62	32,264.32
Total Revenue		<u>3,119,549.83</u>	<u>3,392,009.90</u>
Expenditures:			
Operating	D-4	2,535,750.00	2,305,000.00
Debt Service	D-4	456,005.25	621,832.30
Deferred Charges and Statutory Expenditures	D-4	120,000.00	120,000.00
Deficit in Operations in Prior Years	D-4	46,311.73	391,484.22
Total Expenditures		<u>3,158,066.98</u>	<u>3,438,316.52</u>
Deficit in Revenue		<u>38,517.15</u>	<u>46,306.62</u>
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>\$38,517.15</u>	<u>\$46,306.62</u>
Fund Balance January 1	D	\$392,444.28	\$458,444.28
Decreased by:			
Utilized as Anticipated Revenue	D-1,D-3	343,156.69	66,000.00
Fund Balance December 31	D	<u>\$49,287.59</u>	<u>\$392,444.28</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	D	\$5,271.22	\$5,271.22
Increased/Decreased by:		-	-
Balance, December 31	D	<u>\$5,271.22</u>	<u>\$5,271.22</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$343,156.69	\$343,156.69	
Water/Sewer Rents	D-1,3-D	2,379,000.00	2,198,851.95	(\$180,148.05)
Miscellaneous Revenue	D-1,1-D	43,500.00	46,366.57	2,866.57
CDBG Essential Services Grant	D-1	378,750.00	378,750.00	
Reserve to Pay Notes	D-1,1-D	14,750.00	14,750.00	
	D-4	<u>\$3,159,156.69</u>	<u>\$2,981,875.21</u>	<u>(\$177,281.48)</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Interest Earned on Delinquent Accounts			\$46,364.34	
Interest Earned on Deposits			2.23	
	D-3		<u>\$46,366.57</u>	

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$608,750.00	\$608,750.00	\$546,940.69	\$61,809.31	
Other Expenses	1,316,000.00	1,316,000.00	1,179,532.84	136,467.16	
Employee Group Insurance	386,000.00	386,000.00	369,696.34	16,303.66	
Other Insurance	225,000.00	225,000.00	173,254.72	51,745.28	
Total Operating	<u>2,535,750.00</u>	<u>2,535,750.00</u>	<u>2,269,424.59</u>	<u>266,325.41</u>	
Debt Service:					
Payment of Bond Principal	115,000.00	115,000.00	115,000.00		
Payment of Bond Anticipation and Capital Notes	53,000.00	53,000.00	52,632.00		\$368.00
Interest on Bonds	28,000.00	28,000.00	28,000.00		
Interest on Notes	10,000.00	10,000.00	10,000.00		
U.S.D.A. Principal	69,000.00	69,000.00	68,445.31		554.69
U.S.D.A. Interest	182,000.00	182,000.00	181,927.94		72.06
Total Debt Service	<u>457,000.00</u>	<u>457,000.00</u>	<u>456,005.25</u>		<u>994.75</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	55,000.00	55,000.00	55,000.00		
Social Security System (O.A.S.I.)	55,000.00	55,000.00	41,685.20	13,314.80	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Total Statutory Expenditures	<u>120,000.00</u>	<u>120,000.00</u>	<u>106,685.20</u>	<u>13,314.80</u>	

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deficit in Operations in Prior Years	\$46,406.69	\$46,406.69	\$46,311.73		\$94.96
	<u>\$3,159,156.69</u>	<u>\$3,159,156.69</u>	<u>\$2,878,426.77</u>	<u>\$279,640.21</u>	<u>\$1,089.71</u>
	<u>Ref.</u>	D-3	D-1	D,D-1	
Cash Disbursements	1-D		\$2,498,909.02		
Encumbrances Payable	D		113,278.08		
Interest on Bonds, Notes and Loans	7-D		219,927.94		
Deficit in Operations in Prior Years			46,311.73		
			<u>\$2,878,426.77</u>		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Cash	1-E	\$1,870,287.00	\$2,846,756.36
Change Fund		200.00	200.00
Due from Current Fund		479,199.94	479,199.94
		<u>2,349,686.94</u>	<u>3,326,156.30</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	3-E	141,100.98	248,430.35
Total Operating Fund		<u>2,490,787.92</u>	<u>3,574,586.65</u>
Capital Fund:			
Cash and Cash Equivalents	1-E	598,101.72	598,325.87
Fixed Capital	4-E	8,956,157.43	3,912,824.15
Fixed Capital Authorized and Uncompleted	5-E	5,600,000.00	5,600,000.00
Total Capital Fund		<u>9,554,259.15</u>	<u>10,111,150.02</u>
		<u>\$12,045,047.07</u>	<u>\$13,685,736.67</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	E-3,6-E	\$410,104.91	\$590,160.63
Encumbrances Payable	E-3,6-E	94,628.81	40,335.76
Accrued Interest Payable		51,413.77	50,470.74
Consumer Deposits		6,318.80	6,318.80
Due to Water/Sewer Operating Fund			551.56
Electric Overpayments		25,460.35	22,008.08
		<u>587,926.64</u>	<u>709,845.57</u>
Reserve for Receivables	E	141,100.98	248,430.35
Fund Balance	E-1	<u>1,761,760.30</u>	<u>2,616,310.73</u>
Total Operating Fund		<u>2,490,787.92</u>	<u>3,574,586.65</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	7-E		556,890.87
Bond Anticipation Notes	8-E	5,431,162.00	5,515,581.00
Capital Improvement Fund	9-E	41,435.00	41,435.00
Reserve for Amortization	10-E	4,081,662.15	3,997,243.15
Total Capital Fund		<u>9,554,259.15</u>	<u>10,111,150.02</u>
		<u>\$12,045,047.07</u>	<u>\$13,685,736.67</u>

There were no bonds and notes authorized but not issued on December 31, 2015 and 2014.

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	E-2	\$44,000.00	
Electric Rents	E-2	5,217,184.51	\$4,623,523.35
Anticipated Insurance Recovery Proceeds			1,917,787.00
Miscellaneous Revenue	E-2	72,421.92	43,671.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	6-E	349,462.14	548,408.13
Total Revenues		<u>5,683,068.57</u>	<u>7,133,390.08</u>
Expenditures:			
Operating	E-3	4,426,000.00	4,417,000.00
Debt Service	E-3	140,419.00	218,889.74
Deferred Charges and Statutory Expenditures	E-3	120,000.00	120,000.00
Deficit in Operations in Prior Years			408,647.49
Surplus (General Budget)			370,000.00
Total Expenditures		<u>4,686,419.00</u>	<u>5,534,537.23</u>
Excess in Revenue		996,649.57	1,598,852.85
Fund Balance, January 1	E	<u>2,616,310.73</u>	<u>1,017,457.88</u>
		3,612,960.30	2,616,310.73
Decreased by:			
Utilization by Electric Operating Budget	E-1,E-2	44,000.00	
Utilization by Current Budget	1-E	<u>1,807,200.00</u>	
		<u>1,851,200.00</u>	
Fund Balance, December 31	E	<u>\$1,761,760.30</u>	<u>\$2,616,310.73</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	E-1	\$44,000.00	\$44,000.00	
Electric Rents	E-1,3-E	4,600,000.00	5,217,184.51	\$617,184.51
Miscellaneous Revenue	E-1,1-E	43,000.00	72,421.92	29,421.92
	E-3	<u>\$4,687,000.00</u>	<u>\$5,333,606.43</u>	<u>\$646,606.43</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Interest Earned on Delinquent Accounts			\$72,416.93	
Interest on Investments and Deposits			4.99	
	E-2		<u>\$72,421.92</u>	

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2015

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget after Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$609,000.00	\$609,000.00	\$536,314.33	\$72,685.67	
Other Expenses	3,106,000.00	3,106,000.00	2,784,320.03	321,679.97	
Employee Group Insurance	411,000.00	411,000.00	409,872.79	1,127.21	
Other Insurance	300,000.00	300,000.00	300,000.00		
Total Operating	4,426,000.00	4,426,000.00	4,030,507.15	395,492.85	
Debt Service:					
Payment of Bond Anticipation and Capital Notes	85,000.00	85,000.00	84,419.00		\$581.00
Interest on Notes	56,000.00	56,000.00	56,000.00		
Total Debt Service	141,000.00	141,000.00	140,419.00		581.00
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	55,000.00	55,000.00	55,000.00		
Social Security System (O.A.S.I.)	55,000.00	55,000.00	40,387.94	14,612.06	
Unemployment Compensation Insurance	10,000.00	10,000.00	10,000.00		
Total Deferred Charges and Statutory Expenditures	120,000.00	120,000.00	105,387.94	14,612.06	
	\$4,687,000.00	\$4,687,000.00	\$4,276,314.09	\$410,104.91	\$581.00
	<u>Ref.</u>	E-2	E-1	E,E-1	
	<u>Ref.</u>		<u>Paid or Charged</u>		
Cash Disbursements	1-E		\$4,180,742.25		
Accrued Interest Payable			943.03		
Encumbrances Payable	E		94,628.81		
			\$4,276,314.09		

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET
REGULATORY BASIS
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
General Fixed Assets:			
Land		\$13,493,200.00	\$13,493,200.00
Buildings		2,277,459.00	2,277,459.00
Equipment		4,934,025.58	4,934,025.58
		<u>\$20,704,684.58</u>	<u>\$20,704,684.58</u>
<u>Liabilities and Reserves</u>			
Investment in General Fixed Assets	1-F	<u>\$20,704,684.58</u>	<u>\$20,704,684.58</u>

See Accompanying Notes

BOROUGH OF SEASIDE HEIGHTS
COUNTY OF OCEAN
STATE OF NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These 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 2015.

B. Descriptions of Funds

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

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

Current Fund – used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Animal Control Fund – used to record animal license revenues and expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (continued)

Other Trust Fund – used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

Length of Service Award Program Fund – used to record Borough contributions, changes in market value and administrative charges for program-eligible volunteers.

General Capital Fund – used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water/Sewer Utility Operating and Capital Funds – used to record the operations and acquisition of capital facilities of the Borough's water utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

Electric Utility Operating and Capital Funds – used to record the operations and acquisition of capital facilities of the Borough's electric utility. Bonds and notes payable of the Utility Fund are recorded in the Utility Capital Fund.

General Fixed Assets Account Group – used to record fixed assets utilized in general government operations.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. A modified accrual basis of accounting is followed with minor exceptions. The more significant differences are as follows:

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

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

Property Acquired for Taxes – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is 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 when the terms of the sales contract become legally enforceable.

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

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

General Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

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

For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (continued)

Utility Fixed Assets – Property and equipment purchased by the Utility Funds are recorded in the capital accounts at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements.

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

D. Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in general purpose financial statements in accordance with GAAP. The Borough presents its financial statements, as listed in the table of contents, as required by the Division, which differ 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.

F. Reclassification

Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

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 insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") is a supplemental insurance program set forth by the New Jersey Legislature to protect deposits of municipalities and local government agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. GUDPA requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits. GUDPA requires that 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 seventy-five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy-five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015 and 2014 the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Uninsured and Uncollateralized	\$761,066.18	\$908,707.99
GUDPA Insured and Collateralized with Securities Held by Pledging Financial Institutions	<u>12,296,376.82</u>	<u>7,782,969.52</u>
	<u>\$13,057,443.00</u>	<u>\$8,691,677.51</u>

In addition, as of December 31, 2015 and 2014, the Borough had \$23,502.03 and \$23,478.12, respectively, on deposit in the New Jersey Cash Management Fund (the "Fund"). These deposits are subject to custodial credit risk as described in this section. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

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

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local government investment pools, subject to certain requirements.
- (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 GUDPA bank;
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments. Length of Service Award Program Fund investments were exposed to custodial credit risk and are invested at the discretion of each individual participant and not the Borough. The fair value and book value of the Borough's Length of Service Award Program Fund investments at December 31, 2015 and 2014 were \$303,062.11 and \$312,022.06, respectively.

Credit Risk

State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2015 and 2014 no such investments were held by the Borough.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

NOTE 3. TAXES COLLECTED IN ADVANCE

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

	<u>Balance December 31,</u>	
	<u>2015</u>	<u>2014</u>
Prepaid Taxes	\$99,186.23	\$186,662.95

NOTE 4. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the “notes”) are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. No notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which the notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-Term Debt

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

<u>General Capital Bonds and Loan</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
<u>Purpose</u>				
Refunding Bonds	4/30/14	\$1,552,000.00	1.50%-2.00%	\$785,000.00
General Obligation Refunding Bonds				
Pension Series 2014	4/30/14	1,565,000.00	1.30%-3.65%	1,310,000.00
General Improvement Bonds	1/22/15	4,827,000.00	3.00%-5.00%	4,827,000.00
Green Acres Loan	1/26/02	556,250.00	2.00%	194,653.16
				<u>\$7,116,653.16</u>

NOTE 4. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water/Sewer Utility Capital Bonds and Loans				
Purpose	Date of Issue	Original Issue	Interest Rate	Balance Dec. 31, 2015
Refunding Bonds	4/30/14	\$1,123,000.00	1.50%-3.00%	\$885,000.00
Various Improvements	1/22/15	414,000.00	3.00%-5.00%	414,000.00
Water/Sewer Improvement Loan	12/6/07	1,654,000.00	4.50%	1,510,343.00
Water/Sewer Improvement Loan	11/5/98	1,000,000.00	4.50%	770,311.89
Water/Sewer Improvement Loan	2/11/05	1,997,750.00	4.375%	<u>1,750,019.26</u>
				<u><u>\$5,329,674.15</u></u>

Long-term debt service requirements are as follows:

General Capital			
Year	Principal	Interest	Total
2016	\$770,849.82	\$207,355.84	\$978,205.66
2017	791,469.90	191,155.76	982,625.66
2018	397,102.45	175,234.46	572,336.91
2019	397,747.70	164,176.71	561,924.41
2020	413,405.94	151,244.72	564,650.66
2021-2025	1,424,077.35	559,507.09	1,983,584.44
2026-2030	1,425,000.00	335,231.30	1,760,231.30
2031-2035	1,497,000.00	113,765.67	1,610,765.67
	<u>\$7,116,653.16</u>	<u>\$1,897,671.55</u>	<u>\$9,014,324.71</u>

NOTE 4. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

<u>Water/Sewer Utility Capital</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$206,523.34	\$211,075.06	\$417,598.40
2017	204,739.59	205,008.64	409,748.23
2018	208,101.32	199,472.53	407,573.85
2019	206,612.96	193,497.77	400,110.73
2020	210,284.20	187,102.50	397,386.70
2021-2025	907,517.31	825,738.22	1,733,255.53
2026-2030	737,458.55	667,359.15	1,404,817.70
2031-2035	860,914.10	500,280.62	1,361,194.72
2036-2040	829,666.05	310,333.49	1,139,999.54
2041-2045	790,475.73	131,901.00	922,376.73
2046-2047	167,381.00	9,444.76	176,825.76
	<u>\$5,329,674.15</u>	<u>\$3,441,213.74</u>	<u>\$8,770,887.89</u>

Long-term debt transactions for the years ended December 31, 2015 and 2014 are summarized as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Dec. 31, 2015</u>
General Capital Fund	\$2,904,895.12	\$4,827,000.00	\$7,116,653.16
Water/Sewer Utility Capital Fund	5,099,119.46	414,000.00	5,329,674.15
	<u>\$8,004,014.58</u>	<u>\$5,241,000.00</u>	<u>\$12,446,327.31</u>

	<u>Balance</u>		<u>Balance</u>
	<u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Dec. 31, 2014</u>
General Capital Fund	\$3,419,541.19	\$3,117,000.00	\$2,904,895.12
Water/Sewer Utility Capital Fund	5,384,618.86	1,123,000.00	5,099,119.46
	<u>\$8,804,160.05</u>	<u>\$4,240,000.00</u>	<u>\$8,004,014.58</u>

NOTE 4. DEBT (CONTINUED)**B. Short-Term Debt**

At December 31, 2015 and 2014 the Borough's outstanding bond anticipation notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
General Capital Fund	1/29/15	1/28/16	1.25%	\$7,721,854.00
Water/Sewer Utility Capital Fund	1/29/15	1/28/16	1.25%	894,736.00
Electric Utility Capital Fund	1/29/15	1/28/16	1.25%	5,431,162.00
	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
General Capital Fund	8/1/14	1/30/15	0.75%	\$8,850,446.00
General Capital Fund	1/31/14	1/30/15	1.00%	3,797,214.00
				<u>\$12,647,660.00</u>
Water/Sewer Utility Capital Fund	1/31/14	1/30/15	1.00%	\$1,361,618.00
Electric Utility Capital Fund	1/31/14	1/30/15	1.00%	5,515,581.00

Special Emergency Notes

At December 31, 2015 and 2014 the Borough's outstanding special emergency notes were as follows:

<u>Purpose/Fund</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
Hurricane Sandy Current Fund	12/17/15	12/16/16	1.50%	<u>\$1,640,000.00</u>
<u>Purpose/Fund</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Hurricane Sandy Current Fund	12/18/14	12/17/15	1.25%	<u>\$1,811,564.00</u>

NOTE 4. DEBT (CONTINUED)

B. Short-Term Debt (continued)

Short-term debt transactions for the years ended December 31, 2015 and 2014 are summarized as follows:

	Balance Dec. 31, 2014	Additions	Deductions	Balance Dec. 31, 2015
Current Fund	\$1,811,564.00	\$1,640,000.00	\$1,811,564.00	\$1,640,000.00
General Capital Fund	12,647,660.00	7,721,854.00	12,647,660.00	7,721,854.00
Water/Sewer Utility - Capital Fund	1,361,618.00	894,736.00	1,361,618.00	894,736.00
Electric Utility - Capital Fund	5,515,581.00	5,431,162.00	5,600,000.00	5,346,743.00
	<u>\$21,336,423.00</u>	<u>\$15,687,752.00</u>	<u>\$21,420,842.00</u>	<u>\$15,603,333.00</u>

	Balance Dec. 31, 2013	Additions	Deductions	Balance Dec. 31, 2014
Current Fund	\$3,099,645.00	\$1,811,564.00	\$3,099,645.00	\$1,811,564.00
General Capital Fund	11,984,012.00	12,647,660.00	11,984,012.00	12,647,660.00
Water/Sewer Utility - Capital Fund	1,451,050.00	1,361,618.00	1,451,050.00	1,361,618.00
Electric Utility - Capital Fund	5,600,000.00	5,515,581.00	5,600,000.00	5,515,581.00
	<u>\$22,134,707.00</u>	<u>\$21,336,423.00</u>	<u>\$22,134,707.00</u>	<u>\$21,336,423.00</u>

C. Bonds and Notes Authorized but Unissued

At December 31, 2015 and 2014, the Borough had authorized but not issued bonds and notes as follows:

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Capital Fund	\$2,672,499.97	\$17,987.97
Water/Sewer Utility Capital Fund	250.00	

NOTE 5. 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. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 6. ACCRUED UNPAID SICK AND VACATION BENEFITS - UNAUDITED

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused sick and vacation pay. The Borough permits its employees to accumulate unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2015 and 2014 were \$1,138,467.88 and \$927,711.21, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 7. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in budgets for the years ending December 31, 2016 and 2015 were as follows:

Fund balances at December 31, 2015 utilized as revenue for the year ended December 31, 2016:

Current Fund	\$2,257,379.85	*
General Capital Fund	39,000.00	*
Electric Utility Operating Fund	1,234,911.00	*

*utilized as anticipated revenue in the 2016 current fund budget

Fund balances at December 31, 2014 utilized as revenue for the year ended December 31, 2015:

Water/Sewer Utility Operating Fund	\$343,156.69	***
Electric Utility Operating Fund	44,000.00	**
Electric Utility Operating Fund	1,807,200.00	*
General Capital Fund	39,000.00	*

*utilized as anticipated revenue in the 2015 current fund budget

**utilized as anticipated revenue in the 2015 electric utility operating fund budget

***utilized as anticipated revenue in the 2015 water/sewer utility operating fund budget

NOTE 8. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation 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 County Tax 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 on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit. Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector. The Borough is responsible for remitting one hundred percent of school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

NOTE 9. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self- insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2015 and 2014 was \$134,754.83 and \$134,671.55, respectively.

NOTE 10. FIXED ASSETS - UNAUDITED

Fixed assets at December 31, 2015 and 2014 were as follows:

	Balance Dec. 31, 2014	Additions	Dispositions	Balance Dec. 31, 2015
Land	\$13,493,200.00			\$13,493,200.00
Buildings	2,277,459.00			2,277,459.00
Equipment	4,934,025.58			4,934,025.58
	<u>\$20,704,684.58</u>	<u>-</u>	<u>-</u>	<u>\$20,704,684.58</u>

	Balance Dec. 31, 2013	Additions	Dispositions	Balance Dec. 31, 2014
Land	\$13,493,200.00			\$13,493,200.00
Buildings	2,277,459.00			2,277,459.00
Equipment	4,934,025.58			4,934,025.58
	<u>\$20,704,684.58</u>	<u>-</u>	<u>-</u>	<u>\$20,704,684.58</u>

The Borough's fixed assets inventory has not been adjusted for additions and dispositions occurring in 2015 and 2014.

NOTE 11. SCHOOL TAXES

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

The Borough raises its share of local school taxes on a school year basis and has elected to defer these taxes at December 31, 2015 and 2014 as follows:

	Local District School Tax		Regional High School Tax	
	2015	2014	2015	2014
Balance of Tax	\$1,368,715.52	\$1,215,177.98	\$1,132,388.61	\$757,428.21
Deferred	1,368,715.50	1,215,177.98	1,217,467.50	824,862.50
Tax Payable/(Prepaid)	<u>\$0.02</u>	<u>\$0.00</u>	<u>(\$85,078.89)</u>	<u>(\$67,434.29)</u>

NOTE 12. PENSION PLANS

Description of Systems

The Borough contributes to the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"), cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions and Benefits in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

Funding Policy

PERS employee contributions were 6.92% of base wages through June 30, 2015. Effective July 1, 2015 PERS employee contributions were 7.06% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

Unfunded Pension Liability

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2015. As of the date of this report, the State of New Jersey has not allocated any unfunded net pension liability to the municipality and the amount to disclose in the notes to the financial statements is not presently known, but is probably material.

NOTE 12. PENSION PLANS (continued)

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$8,167,901.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2015, the Borough's proportion was 0.0363858820 percent, which was a decrease of 0.00241161870 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$312,821.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$336,022.32.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases (based on age)		
2012-2021	2.15% - 4.40%	2.15% - 4.40%
Thereafter (based on age)	2.15% - 4.40%	3.15% - 5.40%
Investment Rate of Return	7.90%	7.90%

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

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

NOTE 12. PENSION PLANS (continued)**Public Employees Retirement System (PERS) (Continued)****Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 and June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 12. PENSION PLANS (continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	<u>June 30, 2015</u>		
	<u>1%</u> Decrease <u>3.90%</u>	<u>At Current</u> Discount Rate <u>4.90%</u>	<u>1%</u> Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$10,151,702.00	\$8,167,901.00	\$6,504,697.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 12. PENSION PLANS (continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$11,945,650.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.07171758560 percent, which was an increase of 0.00008014780 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$582,957.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$585,370.35.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases (based on age)		
2012-2021	2.60% - 9.48%	3.95% - 8.62%
Thereafter (based on age)	3.60% - 10.48%	4.95% - 9.62%
Investment Rate of Return	7.90%	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 12. PENSION PLANS (continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 and June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 12. PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (4.79) or 1 percentage point higher (6.79%) than the current rate:

	<u>June 30, 2015</u>		
	<u>1%</u>	<u>At Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
	<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Borough's proportionate share of the pension liability	\$15,748,159.00	\$11,945,650.00	\$8,845,043.00

Pension plan fiduciary net position

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

NOTE 13. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund (the "Fund"). The Fund 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, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Joint Insurance Fund that has a contract for excess liability insurance for property.

NOTE 14. LENGTH OF SERVICE AWARD PLAN PROGRAM

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

Annual Contribution - The annual contribution to be made by the Borough for each active volunteer member that meets certain eligibility criteria ranges from \$100.00 to \$1,150.00, increased by a cost of living adjustment in each year.

Appropriations - Appropriations for the purpose of funding the Borough's Length of Service Award Program are included as a separate line item in the Borough's budget.

NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2015 and 2014 the following deferred charges are reflected on the balance sheets of the current fund and the water/sewer utility operating fund:

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Current Fund:		
Special Emergency Authorization	\$1,640,000.00	\$2,460,000.00
Overexpenditure of Appropriations	30,000.00	-
Cash Deficit	-	887,273.15
Water/Sewer Utility Operating Fund:		
Operating Deficit	38,517.15	46,311.73

The 2016 and 2015 budget appropriations to fund the deferred charges at December 31, 2015 and 2014 were not less than required by statute.

NOTE 16. DEFERRED COMPENSATION

The Borough has adopted a Deferred Compensation Plan (the "Plan") in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan enables the Borough's employees to voluntarily authorize a portion of their salary to be withheld and invested in certain investments permitted under applicable regulations.

NOTE 17. POSTEMPLOYMENT RETIREMENT HEALTH BENEFITS

In addition to the pension benefits described in Note 12, the Borough provides postemployment retirement health benefits for employees who retire after 25 years of service. Benefits consist of full medical coverage and costs are reported as they are paid. In addition, the Borough is required to reimburse employees for the cost of their Medicare premiums.

Plan Description

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. The financial report of the SHBP may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Postemployment retirement health benefits under the SHBP have been funded on a pay-as-you-go basis since 1994. Prior to 1994, health benefits were funded on an actuarial basis.

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2015, 2014 and 2013 were \$508,140.65, \$439,055.90, and \$427,078.59, respectively. The Borough's contributions in 2015, 2014 and 2013 equaled the required contributions for each year.

NOTE 18. INTERFUND BALANCES

The balances of interfund receivables and payables at December 31, 2015 and 2014 are presented below:

	December 31, 2015	December 31, 2014
<u>Receivables</u>		
Other Trust Fund	-	\$130,000.00
Current Fund	\$1,731,271.19	2,435,744.94
Water/Sewer Utility Operating Fund	-	420,551.56
Electric Utility Operating Fund	479,199.94	479,199.94
	<u>\$2,210,471.13</u>	<u>\$3,465,496.44</u>
<u>Payables</u>		
Current Fund	\$479,199.94	\$609,199.94
Animal Control Fund	1,170.60	975.20
Water/Sewer Utility Operating Fund	-	79,061.72
Water/Sewer Utility Capital Fund	-	420,000.00
Electric Utility Operating Fund	-	551.56
General Capital Fund	-	17,987.97
Federal and State Grant Fund	1,730,100.59	2,337,720.05
	<u>\$2,210,471.13</u>	<u>\$3,465,496.44</u>

All balances resulted from the time lag between the dates that reimbursable expenditures occurred, revenues/receipts were collected and when payments were made between funds.

NOTE 19. COMMUNITY DISASTER LOANS OUTSTANDING

On May 15, 2013, the Borough approved a resolution authorizing the execution of a promissory note for a Community Disaster Loan (the "Loan") in the amount of \$3,875,590.00 with the United States Department of Homeland Security, Federal Emergency Management Agency.

As of December 31, 2015, the Loan principal balance and related accrued interest were \$3,875,590.00 and \$88,844.43, respectively. The full principal amount of the Loan and all accumulated accrued interest is due on May 30, 2018, and the interest rate on the loan is 1.00% per annum. The term of the loan is five years, but may be extended. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the Borough in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

NOTE 20. CONTINGENT LIABILITIES

Grant Financial Assistance

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

Legal Proceedings

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

Tax Appeals

As of December 7, 2016, there were 61 tax appeal cases pending against the Borough in the Tax Court of New Jersey requesting reductions of assessed valuation for 2016 and prior years. The aggregate amount of assessed valuation under appeal in these cases totals approximately \$384,000,000.00. The Borough intends to vigorously defend its assessments in each of these tax appeal cases. In the opinion of the Borough's administration, the potential exposure relative to reductions in assessed valuation in all of the tax appeal cases pending should not exceed \$60,000,000.00, and the refunds of overpaid taxes to be issued by the Borough relative to the final judgments should not exceed \$1,200,000.00.

The Borough plans to issue debt to finance the aforementioned refund of overpaid taxes and any refunds of overpaid taxes that may from the ultimate settlement of tax appeal cases currently pending against the Borough.

Under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the Borough does not recognize liability, if any, until a tax appeal case has been adjudicated.

NOTE 21. SUBSEQUENT EVENTS

On January 28, 2016 the Borough issued \$14,001,323.00 of bond anticipation notes due on January 27, 2017, at an interest rate of 2.00% per annum.

On March 16, 2016 the Borough adopted a refunding bond ordinance to authorize the issuance of refunding bonds in an amount not to exceed \$522,000.00 for the purpose of paying amounts owed to taxpayers for taxes levied.

On April 6, 2016 the Borough adopted an ordinance to authorize the issuance of bonds and notes of \$351,500.00 for the acquisition of a brush rapid attack truck.

On May 11, 2016 the Borough issued \$522,000.00 of refunding notes due on May 10, 2017, at an interest rate of 1.50% per annum.

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APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Seaside Heights, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$10,372,000 General Obligation Bonds, Series 2017, consisting of \$5,952,000 General Improvement Bonds, Series 2017, and \$4,420,000 Electric Utility Bonds, Series 2017 (collectively, the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on April 5, 2017 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on April 1st in the years 2018 through 2031, inclusive. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12, as amended.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System operated by MSRB.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rule Making Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" or "Repositories" shall mean each State Repository, if any, and the Municipal Securities Rulemaking Board (the "MSRB") via the MSRB's Electronic Municipal Market Access system ("EMMA").

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or cause the Dissemination Agent to, not later than September 30th of each year, commencing September 30, 2017 for the Annual Report for the fiscal year ending December 31, 2016, provide to the MSRB via the EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner not in excess of ten (10) business days after such required date, send a notice, in substantially the form attached hereto as Exhibit A, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings.

(c) The Dissemination Agent shall:

1. If the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial and operating data of the Issuer, consisting of: (i) Issuer indebtedness; (ii) the Issuer's most current adopted budget; (iii) property valuation information; and (iv) tax rate, levy and collection data.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall deliver in a timely manner not in excess of ten (10) business days after the occurrence of the event, through EMMA, at www.emma.msrb.org, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of holders of the Bonds, if material;
8. bond calls, if material;
9. defeasances;
10. release, substitution, or sale of property securing payment of the Bonds, if material;
11. rating changes;
12. tender offers for the Bonds;
13. bankruptcy, insolvency, receivership or similar events of the Issuer;
14. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

15. appointment of a successor or additional trustee, or the change of a trustee, if material.

The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption; (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event (for which a determination of materiality is applicable) would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB via EMMA.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The Initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Prior Compliance with the Rule. The Issuer is currently in compliance with all previous undertakings, if any, to provide secondary market disclosure pursuant to the Rule.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**BOROUGH OF SEASIDE HEIGHTS, IN THE
COUNTY OF OCEAN, NEW JERSEY**

By _____
BARBARA RISLEY,
Chief Financial Officer

Dated: June 7, 2017

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Borough of Seaside Heights, County of Ocean, New Jersey
Name of Bond Issue: \$10,372,000 General Obligation Bonds, Series 2017
Dated Date: June 7, 2017
(CUSIP Number: _____)

NOTICE IS HEREBY GIVEN that the above designated Borough has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Agreement for the General Obligation Bonds dated June 7, 2017 and executed by the Borough. The Issuer anticipates that the Annual Report will be filed by _____.

Date: _____

**BOROUGH OF SEASIDE HEIGHTS, IN THE
COUNTY OF OCEAN, NEW JERSEY**

By _____
Name:
Title:

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APPENDIX D
FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE
REQUIREMENTS FOR THE NOTES

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**CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, BARBARA RISLEY, Chief Financial Officer of the Borough of Seaside Heights, in the County of Ocean, State of New Jersey (the “Borough”), DO HEREBY CERTIFY on behalf of the Borough to Roosevelt & Cross, Incorporated, New York, NY (the “Purchaser”) of the Bond Anticipation Notes, Series 2017B, in the principal amount of \$789,472, dated June 7, 2017, and maturing June 6, 2018 (the “Notes”), in connection with the issuance of the Notes, that pursuant to requirement of Rule 15c2-12 promulgated by the Securities and Exchange Act of 1934, as amended and supplemented (the “Rule”), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Municipal Securities Rule Making Board (the “MSRB”), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing payment of the Bonds, if material; (11) rating changes; (12) tender offers for the Bonds; (13) bankruptcy, insolvency, receivership or similar events of the Borough; (14) the consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) the appointment of a successor or additional trustee, or the change of a trustee, if material.

Whenever the Borough obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the Borough shall, in a timely manner not in excess of ten (10) business days after each such occurrence, electronically file a notice with the MSRB.

The Borough’s obligation under this Certificate shall terminate upon the defeasance or payment in full of the Notes.

In the event the Borough fails to comply with any provision of this Certificate, any Noteholder may take such action as a may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under the Certificate. Notwithstanding the above, the remedy for breach of the provisions of this Certificate or the Borough’s failure to perform hereunder shall be limited to bringing action to compel specific performance.

This Certificate shall is solely for the benefit for the Borough, the Purchaser and the holders of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Borough as of this 7th day of June, 2017.

**BOROUGH OF SEASIDE HEIGHTS, IN THE
COUNTY OF OCEAN, NEW JERSEY**

**BARBARA RISLEY,
Chief Financial Officer**

APPENDIX E
FORM OF BOND COUNSEL'S OPINION FOR THE BONDS

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—LAW OFFICES—

GLUCKWALRATH LLP

11 Wharf Avenue, Suite 4, Red Bank, New Jersey 07701

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Reply To: Red Bank Office

Meghan Bennett Clark
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Mclark@glucklaw.com

Trenton Office

428 River View Plaza
Trenton, New Jersey 08611
Tel: (609) 278-1900 Fax: (609) 278-9200

*An opinion in substantially the following form
will be delivered at Closing assuming no
material changes in facts or law.*

June 7, 2017

Mayor and Members of the Borough Council
Borough of Seaside Heights
Ocean County, New Jersey

**RE: Borough of Seaside Heights, County of Ocean, New Jersey
\$10,372,000 General Obligation Bonds, Series 2017**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$10,372,000 General Obligation Bonds, Series 2017, of the Borough of Seaside Heights, in the County of Ocean, New Jersey (the “Borough”), a municipal corporation of the State of New Jersey, consisting of \$5,952,000 General Improvement Bonds, Series 2017 and \$4,420,000 Electric Utility Bonds, Series 2017 (collectively, the “Bonds”).

The Bonds are dated June 7, 2017 and mature on April 1st in each year in the principal amounts set forth in the tables below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on April 1st and October 1st of each year, commencing on October 1, 2017, until maturity or prior redemption.

<u>Maturity (April 1st)</u>	<u>General Improvement Bonds, Series 2017 Principal Amount</u>	<u>Electric Utility Bonds, Series 2017 Principal Amount</u>	<u>Combined Maturity</u>	<u>Interest Rate</u>
2018	\$327,000	\$300,000	\$627,000	3.000%
2019	\$330,000	\$305,000	\$635,000	3.000%
2020	\$340,000	\$320,000	\$660,000	3.000%
2021	\$365,000	\$330,000	\$695,000	5.000%
2022	\$395,000	\$345,000	\$740,000	5.000%
2023	\$405,000	\$360,000	\$765,000	5.000%

June 7, 2017

Page 2

2024	\$420,000	\$375,000	\$795,000	5.000%
2025	\$430,000	\$390,000	\$820,000	5.000%
2026	\$445,000	\$405,000	\$850,000	4.000%
2027	\$460,000	\$415,000	\$875,000	3.000%
2028	\$480,000	\$430,000	\$910,000	3.000%
2029	\$495,000	\$445,000	\$940,000	3.000%
2030	\$520,000		\$520,000	3.000%
2031	\$540,000		\$540,000	3.000%

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

The Bonds are issued in fully registered form without coupons and are transferable as provided therein and are of various denominations and are numbered consecutively upwards. We have examined each bond as executed, and, in our opinion, their form and execution are regular and proper.

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Borough on April 5, 2017, and by virtue of the Bond Ordinances finally adopted by the Borough as identified in said Bond Resolution.

In forming our opinion, we have examined certified copies of the Bond Ordinances, Bond Resolution and related proceedings. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Borough dated the date of the Bonds (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Bonds, on a certificate of the Borough executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Borough which may have been provided to any purchaser or prospective purchaser of the Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Borough has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Borough has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on

June 7, 2017

Page 3

the Bonds is not includible in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Borough with the covenants contained in the Bonds and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Borough in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and statements relate to, *inter alia*, the use of proceeds of the Bonds and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Borough will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Borough therewith.

Based upon and subject to the foregoing we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.

2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal income tax consequences arising with respect to the Bonds.

This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Borough furnished in connection with the sale of the Bonds and make no representation that we have independently verified any such information.

Very truly yours,

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APPENDIX F
FORM OF BOND COUNSEL'S OPINION FOR THE NOTES

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—LAW OFFICES—

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*An opinion in substantially the following form
will be delivered at Closing assuming no
material changes in facts or law.*

June 7, 2017

Mayor and Borough Council
Borough of Seaside Heights
Ocean County, New Jersey

**RE: Borough of Seaside Heights, County of Ocean, New Jersey
\$789,472 Bond Anticipation Notes, Series 2017B, dated June 7, 2017, due
June 6, 2018 at 2.00%**

Dear Members of the Borough Council:

We have examined a record of the proceedings relating to the issuance of \$789,472 Bond Anticipation Notes, Series 2017B (the “Notes”) of the Borough of Seaside Heights, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Borough”). The Notes are dated June 7, 2017, mature June 6, 2018, and bear interest at the rate of two per centum (2.00%) per annum payable at maturity. The Notes are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), in book-entry-only form and are not subject to redemption prior to maturity. The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of the Bond Ordinances described in the Certificate of Determination and Award dated the date hereof.

The Notes, along with other available funds of the Borough, in the amount of \$52,632, are being issued to: (i) currently refund a portion of the Borough’s bond anticipation notes originally issued in the amount of \$13,406,175, dated January 26, 2017 and maturing July 26, 2017; and (ii) pay costs associated with the issuance of the Notes.

June 7, 2017

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In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted note. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Borough dated the date of the Notes (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Notes, on a certificate of the Borough executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Borough which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Borough has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Borough has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Borough with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Borough in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Borough will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Borough therewith.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Notes are valid and legally binding obligations of the Borough and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or

June 7, 2017

Page 3

similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Notes will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal income tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Borough furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX G
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100