

OFFICIAL STATEMENT DATED NOVEMBER 28, 2017

**NEW ISSUE**  
**BOOK-ENTRY-ONLY**

**Rating: Moody's: "Aa3"**  
**(See "RATING" 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 subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds, interest received by holders of the Bonds 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 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 any gain from the sale thereof are 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.*

**\$4,990,000**  
**BOROUGH OF SEASIDE PARK,**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2017**  
**consisting of:**  
**\$3,361,000 General Improvement Bonds, Series 2017A,**  
**\$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and**  
**\$199,000 Marina Improvement Bonds, Series 2017C**  
**(BOOK-ENTRY-ONLY) (NON-CALLABLE) (BANK-QUALIFIED)**

**Dated: Date of Delivery**

**Due: November 15, as shown on the inside front cover**

The \$4,990,000 aggregate principal amount of General Obligation Bonds, Series 2017, consisting of \$3,361,000 General Improvement Bonds, Series 2017A (the "General Improvement Bonds"), \$1,430,000 Water/Sewer Improvement Bonds, Series 2017B (the "Water/Sewer Improvement Bonds"), and \$199,000 Marina Improvement Bonds, Series 2017C (the "Marina Improvement Bonds" and, collectively with the General Improvement Bonds and Water/Sewer Improvement Bonds, the "Bonds") are general obligations of the Borough of Seaside Park, 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 Bonds of each series 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. Individual purchases of the Bonds will be made in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof.

Interest on the Bonds will be payable semiannually on May 15 and November 15 in each year until maturity, commencing May 15, 2018. The principal of and the interest due on the Bonds will be paid to DTC by the Borough. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding May 1 and November 1 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are not subject to optional redemption prior to their stated maturities as set forth 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 November 9, 2017. The proceeds of the Bonds will be used to: (i) refund, on a current basis, \$2,581,040 of the Borough's bond anticipation notes issued in the aggregate principal amount of \$3,353,108, dated December 8, 2016 and maturing December 7, 2017; (ii) refund, on a current basis, \$1,200,000 of the Borough's bond anticipation notes issued in the aggregate principal amount of \$1,200,000, dated May 25, 2017 and maturing December 7, 2017; (iii) permanently finance the cost of various capital improvements in and by the Borough; and (iv) pay the costs of issuing the Bonds.

The Bonds 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 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 are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath, LLP, Trenton and 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. Certain legal matters will be passed upon for the Borough by the Borough Attorney, Citta, Holzapfel & Zabarsky, Toms River, New Jersey. It is anticipated that the Bonds will be available for delivery through DTC on or about December 6, 2017.



**\$4,990,000**  
**BOROUGH OF SEASIDE PARK,**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2017**  
**consisting of:**  
**\$3,361,000 General Improvement Bonds, Series 2017A,**  
**\$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and**  
**\$199,000 Marina Improvement Bonds, Series 2017C**  
**(BOOK-ENTRY-ONLY) (NON-CALLABLE) (BANK-QUALIFIED)**

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

<b><u>Maturity</u></b> <b><u>(November 15)</u></b>	<b><u>General</u></b> <b><u>Improvement</u></b>	<b><u>Water/Sewer</u></b> <b><u>Improvement</u></b>	<b><u>Marina</u></b> <b><u>Improvement</u></b>	<b><u>Aggregate</u></b> <b><u>Principal</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP*</u></b>
2018	\$310,000	\$125,000	\$20,000	\$455,000	3.000%	1.400%	812523CY2
2019	311,000	110,000	19,000	440,000	3.000	1.500	812523CZ9
2020	315,000	125,000	20,000	460,000	3.000	1.600	812523DA3
2021	325,000	135,000	20,000	480,000	3.000	1.700	812523DB1
2022	330,000	140,000	20,000	490,000	3.000	1.800	812523DC9
2023	335,000	155,000	20,000	510,000	3.000	1.900	812523DD7
2024	345,000	160,000	20,000	525,000	3.000	2.000	812523DE5
2025	355,000	160,000	20,000	535,000	3.000	2.125	812523DF2
2026	360,000	160,000	20,000	540,000	3.000	2.250	812523DG0
2027	375,000	160,000	20,000	555,000	3.000	2.375	812523DH8

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\* 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 PARK,  
IN THE COUNTY OF OCEAN, NEW JERSEY  
1701 North Ocean Avenue  
Seaside Park, NJ 08752  
(732) 793-3700**

**MAYOR**  
Robert W. Matthies

**BOROUGH COUNCIL**  
Frank McHugh, Council President  
Ray Amabile  
Gail Coleman  
Matthew DeMichele  
Faith Liguori  
William Kraft

**ACTING BUSINESS ADMINISTRATOR/  
CHIEF FINANCIAL OFFICER**  
Sandra Rice

**BOROUGH CLERK**  
Karen Barna

**BOROUGH ATTORNEY**  
Citta, Holzapfel & Zabarsky  
Toms River, New Jersey

**AUDITOR**  
Fallon & Larsen LLP  
Hazlet, New Jersey

**BOND COUNSEL**  
GluckWalrath, LLP  
Trenton and Red Bank, New Jersey

**MUNICIPAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Borough. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale 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.

The Underwriter reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

References in this Official Statement 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, and copies of which may be inspected at the office of the Clerk of the Borough during normal business hours.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Borough, will have passed upon the accuracy or adequacy of this Official Statement.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.**

The order and placement of the materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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**OFFICIAL STATEMENT  
OF THE  
BOROUGH OF SEASIDE PARK,  
IN THE COUNTY OF OCEAN, NEW JERSEY**

**RELATING TO  
\$4,990,000  
GENERAL OBLIGATION BONDS, SERIES 2017  
consisting of:  
\$3,361,000 General Improvement Bonds, Series 2017A  
\$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and  
\$199,000 Marina Improvement Bonds, Series 2017C  
(BOOK-ENTRY-ONLY) (NON-CALLABLE) (BANK-QUALIFIED)**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Seaside Park (the “Borough”), in the County of Ocean (the “County”), New Jersey (the “State”), in connection with the sale and issuance of \$4,990,000 aggregate principal amount of General Obligation Bonds, Series 2017, consisting of \$3,361,000 General Improvement Bonds, Series 2017A (the “General Improvement Bonds”), \$1,430,000 Water/Sewer Improvement Bonds, Series 2017B (the “Water/Sewer Improvement Bonds”), and \$199,000 Marina Improvement Bonds, Series 2017C (the “Marina Improvement Bonds” and, collectively with the General Improvement Bonds and Water/Sewer Improvement Bonds, the “Bonds”).

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on November 15 in each of the years and in the principal amounts as shown on the inside front cover hereof. The interest on the Bonds will be payable semi-annually beginning May 15, 2018 and on each November 15 and May 15 thereafter until maturity. The record dates for the Bonds are each preceding November 1 and May 1, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

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.

**Optional Redemption**

The Bonds are not subject to optional redemption prior to their stated maturities.

**Authorization and Purpose of the Bonds**

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”), and are authorized by various bond ordinances duly adopted by the Borough Council on the dates set forth in the charts on the following pages and published and approved as required by law, and by a resolution adopted by the Borough Council on November 9, 2017 (the “Resolution”).

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough. Such estoppel period has concluded as of the date of this Official Statement.

The proceeds of the Bonds will be used to: (i) refund, on a current basis, \$2,581,040 of the Borough's bond anticipation notes issued in the aggregate principal amount of \$3,353,108, dated December 8, 2016 and maturing December 7, 2017; (ii) refund, on a current basis, \$1,200,000 of the Borough's bond anticipation notes issued in the aggregate principal amount of \$1,200,000, dated May 25, 2017 and maturing December 7, 2017 (collectively, the "Prior Notes"); (iii) finance the cost of various capital improvements in and by the Borough in the amount of \$1,418,960; and (iv) pay the costs of issuing the Bonds. A portion of the Prior Notes, in the amount of \$772,068, will be paid by available funds of the Borough.

The purposes for which the 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 tables by ordinance number, description, and the amount of the Prior Notes being refunded with the Bonds.

A. General Improvement Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of New Money</u>	<u>Amount of Bonds to be Issued</u>
1551	Acquisition of Real Property, adopted March 24, 2011	\$807,500	\$392,500	\$0	\$310,000
1557	Renovations to Bathhouse/Parking Lot, adopted April 14, 2011	137,750	41,381	0	0
1562, as amended by 1584	Various Capital Improvements, adopted May 12, 2011 and December 8, 2011	1,496,250	641,009	10,000	510,000
1592, as amended by 1600	Various Capital Improvements, adopted April 26, 2012 and June 14, 2012	912,475	432,030	0	340,000
1616, as amended by 1624 and 1634	Various Capital Improvements, adopted January 24, 2013, April 11, 2013 and September 26, 2013	2,879,925	1,200,000	0	1,200,000
1626	Acquisition of Various Vehicles and Equipment, adopted May 9, 2013	285,000	149,679	0	0
1682	Various Capital Improvements, adopted August 27, 2015	844,550	760,095	0	675,000
1720	Reconstruction of Street End Bulkheads, adopted February 23, 2017	475,000	0	475,000	475,000
	Total:	\$7,838,450	\$3,616,694	\$485,000	\$3,510,000

B. Water/Sewer Improvement Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of New Money</u>	<u>Amount of Bonds to be Issued</u>
1497	Various Water/Sewer Infrastructure Improvements, adopted November 12, 2009	\$731,275	\$316,374	\$0	\$224,000
1593, as amended by 1601	Various Water/Sewer Utility Improvements, adopted April 26, 2012 and June 14, 2012	768,000	186,000	0	155,000
1617	Various Water/Sewer Utility Improvements, adopted January 24, 2013	559,500	206,040	265,960	443,000
1683	Various Water/Sewer Utility Improvements, adopted August 27, 2015	668,000	0	668,000	668,000
Total:		\$2,726,775	\$708,414	\$933,960	\$1,490,000

C. Marina Improvement Bonds:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount Authorized</u>	<u>Amount of Prior Notes</u>	<u>Amount of New Money</u>	<u>Amount of Bonds to be Issued</u>
1591	Various Marina Utility Improvements, adopted April 12, 2012	\$285,000	\$228,000	\$0	\$200,000
Total:		\$285,000	\$228,000	\$0	\$200,000

**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 the Bonds without limitation as to rate or amount. See “SECURITY FOR THE BONDS” herein.

**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 for each series 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. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in the 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.

**SECURITY FOR THE BONDS**

The Bonds are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal and redemption premium, if any, of and the interest on the Bonds. 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 and redemption premium, if any, of and the interest on the Bonds, without limitation as to rate or amount.

## **The Borough**

The Borough is located along the northern border of the County. See Appendix “A” for demographic and statistical information concerning the Borough.

## **BOOK-ENTRY-ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds 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 the Bonds 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 for each series of the Bonds, and will be 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (“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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 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; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, 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 the 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 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 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 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, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.**

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

#### **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, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds 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 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, 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. Interest on the Bonds 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).

### **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.

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 local 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." 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 year's 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 its 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 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’s 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 unit’s 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 the Borough 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.

## TAX MATTERS

In the opinion of GluckWalrath LLP, Trenton and 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 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, interest received by a holder of the Bonds 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 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, including restrictions relating to the use or investment of the proceeds of the Bonds (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the “yield” on the Bonds to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Bonds not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Borough 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 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 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 to 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 **will 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.

As of date of this Official Statement, legislation has been introduced in the United States Congress which, if enacted, would, among other things, significantly change the federal income tax rates for individuals and corporations, eliminate private activity bonds (including qualified 501(c)(3) bonds), repeal the alternative minimum tax and eliminate advance refundings of tax-exempt bonds, including the Bonds, for tax years beginning after December 31, 2017. These proposals, if passed and signed by the President of the United States, may increase, reduce or otherwise change the financial benefits currently provided to certain owners of state and local government bonds, including the Bonds. There can be no assurance that this introduced legislation will be adopted, and if adopted, which parts of the proposal will be incorporated into final law, and if adopted after December 31, 2017, will not have retroactive effect.

## **Original Issue Premium**

The Bonds maturing on November 15 of the years 2018 through 2027, 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.

The federal income tax consequences from the purchase, ownership and redemption, sale or other disposition of the Bonds 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 the Bonds should consult their own tax advisors with respect to the consequences of owning the Bonds, 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. 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 to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds 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. No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have an effect on the tax treatment of interest on the Bonds. 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 opinion 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 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 involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds. Each purchaser of the Bonds 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 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 net gains from the sale of the Bonds are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds should consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds 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 for federal income tax purposes, or the exclusion of interest on and any gain realized on the sale of the Bonds 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. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

## **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 such Bonds 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 no later than September 30 following the end of the Borough's fiscal year and 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 Acting Business Administrator/Chief Financial Officer, in the form appearing in APPENDIX "C" 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 ended December 31, 2012, 2013, 2014 and 2015; (ii) operating data for the fiscal years ended December 31, 2012, 2013, 2014 and 2015; and (iii) annual debt statements for the fiscal years ended December 31, 2012, 2013, 2014 and 2015. Additionally, the Borough previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; and (iii) annual debt statements, all as described above, and event notices in connection with certain bond insurer rating changes. 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 April of 2017 to serve as continuing disclosure agent.

## **LITIGATION**

Upon delivery of the Bonds, the Borough shall furnish a certificate of the Borough Attorney, Citta, Holzapfel & Zabarsky, Toms River, New Jersey (the "Borough Attorney"), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or, to its knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds 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. 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 IX 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 IX 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 IX 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 IX 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 Bonds, the refunding bond ordinance and the Bond Resolution of the Borough 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 refunding bond ordinance and the Bond 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 it will confirm to the Underwriter (as defined herein), by a certificate signed by the Acting Business Administrator/Chief Financial Officer, that to her knowledge such descriptions and statements, as of the date hereof, and as of the date of delivery of the Bonds, 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 with respect to the accuracy and completeness of such information.

Gluck Walrath LLP 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.

## **RATING**

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa3" to the Bonds based on the creditworthiness of the Borough. Any desired explanation of the significance of such rating should be obtained from the Rating Agency. There is no assurance that the rating will pertain for any given period of time or that it 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 or marketability of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by Northland Securities, Inc., Minneapolis, Minnesota (the "Underwriter") at a purchase price of \$5,212,752.87 (the "Purchase Price"). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Purchase Price reflects a par amount of the Bonds of \$4,990,000.00 plus a bid premium of \$222,752.87. The Bonds are

being offered for sale at the yields set forth on the inside front cover page of this Official Statement, which yields may be changed from time to time by the Underwriter without notice.

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

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Borough with respect to the issuance of the Bonds (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 this 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 Bonds are subject to the approval of GluckWalrath LLP, Trenton and Red Bank, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix "D". Certain legal matters will be passed upon for the Borough by the Borough Attorney.

### **FINANCIAL STATEMENTS**

Appendix "B" contains certain audited financial data of the Borough for the Borough's fiscal year ended December 31, 2016. The financial statements of the Borough for the year ended December 31, 2016 were audited by Fallon & Larsen LLP, Hazlet, New Jersey (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.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Borough's Acting Business Administrator/Chief Financial Officer, 1701 North Ocean Avenue, Seaside Park, New Jersey 08752, telephone (732) 793-3700 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 among the Borough, the Underwriter and the holders of any of the Bonds. 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 the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough (financial or otherwise) since the date hereof.

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

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

By: /s/ Sandra Rice  
Sandra Rice,  
Acting Business Administrator/  
Chief Financial Officer

Dated: November 28, 2017

## **APPENDIX A**

### **GENERAL INFORMATION REGARDING THE BOROUGH**

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## **INFORMATION REGARDING THE BOROUGH<sup>1</sup>**

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

### **General Information**

The Borough was incorporated in 1898 and consists of an area approximately 0.77 square miles. The Borough is located on the Barnegat Barrier Island in the County along the Atlantic Ocean and Barnegat Bay, which bay is part of the inland waterway running along the eastern seaboard of the continental United States. The Borough of Seaside Heights forms the northern border of the Borough, the Township of Berkeley and Island Beach State Park form the Borough's southern border, Barnegat Bay forms the Borough's western border and the Atlantic Ocean forms the Borough's eastern border.

The Borough is primarily a residential community with a year-round population of just over 1,500 residents. Its main industry is summer tourism, with almost two miles of shoreline along the Atlantic Ocean, offering the wide beaches of Island Beach State Park on the Atlantic Ocean and the vast expanses of the Barnegat Bay and the Toms River for sailing and water sports.

With the opening of the Garden State Parkway and improvements to Federal, State and County highways and roadways after 1950, residential development within the County increased and commercial development followed soon thereafter. For several decades, the County's population and development have increased the fastest of all counties in the State. The Borough is located south of the New York-northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area, each respectively being approximately 68 miles and 70 miles from the Borough.

The Borough is located along or near major transportation corridors to the south of the New York-northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area. The principal north to south route in the Borough is Route 35. State Highway Route 37 runs westerly from the Borough to the Garden State Parkway, which proceeds north to the New York-northern New Jersey metropolitan area and south to Atlantic City and Cape May, as well as to State Highway Route 70, the principal State artery leading to the Greater Philadelphia metropolitan area. The Borough is located south of Interstate 195 and north of the Atlantic City Expressway. Interstate 195 proceeds westerly to Interstate 95 (New Jersey Turnpike) which is a major beltway serving the eastern seaboard of the United States. The Atlantic City Expressway connects Atlantic City with the Greater Philadelphia metropolitan area.

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<sup>1</sup> Source: The Borough, unless otherwise indicated.

### **Area Economy**

The U.S. Census PMSA Designation for the Counties of Monmouth and Ocean classifies the two-county region as sharing certain characteristics. Employment and housing integrate the two counties, with an estimated 75% of the worktrips initiated in each county and ending somewhere in the two-county region.

### **Form of Government**

The Borough operates under the Borough form of government as provided by N.J.S.A. 40A:60-1 et seq. as amended and supplemented. The Borough is governed by a six (6) member Borough Council, whose members are elected at large for three year terms by the legally registered voters in the Borough. The Borough Council comprises the legislative body which formulates policy, appropriates funds and adopts ordinances and resolutions for the conduct of Borough business. The legally registered voters in the Borough also elect a Mayor at large for a four (4) year term. The Mayor operates as the chief executive officer of the Borough and presides at Borough Council meetings and may vote to break a tie. The Mayor also has veto powers over Borough ordinances.

### **Public Safety**

The Borough's public safety needs are satisfied by the Borough's Department of Police. The Department of Police consists of thirteen (13) uniformed officers, including one (1) chief, one (1) lieutenant, four (4) sergeants, and one (1) detective-sergeant.

### **Volunteer Emergency Groups**

The Borough is serviced by one (1) volunteer fire company. This fire company is known as the Seaside Park Volunteer Fire Company Number 1 (district 9, station 45), which serves residents of the Borough, the South Seaside Park section of the Township of Berkeley and Island Beach State Park. The fire company also houses a scuba team.

The Borough is also serviced by one (1) volunteer/paid rescue squad. This rescue squad is known as Tri-Boro First Aid Squad, which serves residents of the Borough, the South Seaside Park section of the Township of Berkeley, Seaside Heights and Island Beach State Park.

### **Department of Public Works**

The Department of Public Works has ten (10) full-time employees, including one (1) acting director. The Department is responsible for the maintenance and repair of all Borough roads, parking meters, buildings and facilities, the maintenance and repair of beaches and playgrounds, the collection of trash, and the maintenance of the Borough's water and sewer utility.

## **Utilities**

### **Electricity, Gas and Telephone**

Electricity is provided by Jersey Central Power & Light, gas is provided by New Jersey Natural Gas, and telephone service is provided by Verizon.

### **Water**

Water is provided by the Borough's water and sewer utility.

### **Wastewater**

Wastewater is collected by Ocean County Sewerage Authority ("OCSA") sewer collection system for treatment at the OCSA's wastewater treatment plant located in the Bayville section of the Township of Berkeley.

### **Solid Waste**

Solid Waste and recycling materials are collected by the Borough's Department of Public Works and are respectively taken to the Ocean County Landfill situated in the Township of Manchester and the Northern Ocean County Recycling Center situated in the Borough of Lakewood.

### **Health Care Facilities**

Emergency and acute care facilities and a rehabilitation center are available at Community Memorial Hospital and Garden State Rehabilitation Center in Toms River. Other health care facilities include the Northern Ocean Hospital System with a hospital in the Township of Brick. The Kimball Medical Center is located in the Borough of Lakewood and Deborah Hospital is located in Browns Mills, Burlington County.

### **Transportation Facilities**

Intercity passenger transportation is provided by the New Jersey Department of Transportation from designated points along State Route 9 and from the bus terminal in Toms River. Conrail and various trucking concerns provide movement of freight within the County. The County provides the following transportation services: (a) Handicapped/Elderly Transportation for medical appointments; (b) Area Transportation to Point Pleasant for intercity transportation; and (c) Senior Citizen Disabled Resident Transportation consisting of eleven (11) fixed routes serving sixteen (16) of the County's thirty-three (33) municipalities, with demand response service available in the more rural areas.

The Robert J. Miller Airport, a Class V airport with a 6,000-foot paved runway, provides all services needed by corporate and private aircraft. Other residents use Atlantic City Airport.

### **Recreational Facilities**

The Borough operates three (3) neighborhood playgrounds, which include ball fields, tennis courts, swings and open space. The Borough also operates two (2) fishing piers, a marina and open space and beachfront areas.

The State operates the Island Beach State Park, which is more than 3,000 acres, located just a short drive from the Borough. Island Beach State Park offers sandy beaches, an extensive shoreline, sand dunes and tidal marshes. It is the home to foxes, ospreys and over 400 species of plants. From the southern tip of Island Beach State Park, visitors have a beautiful view of Barnegat Lighthouse. Activities include swimming, surf fishing, canoeing, hiking and horseback riding.

Additionally, the County operates four (4) regional parks, including a landscaped 400-acre picnic area adjacent to the Robert J. Miller Airport.

#### **Shopping Facilities**

Retail business in the Borough is concentrated on Central Avenue. Along the Central Avenue corridor, there are various retail stores and restaurants, including realtors, bait and tackle stores, markets, liquor stores, a bakery, and a hair and nail salon.

#### **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 Information<sup>2</sup>**

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.

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<sup>2</sup> 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:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Borough</u></b>				
2016	708	666	42	5.9%
2015	726	672	54	7.4%
2014	712	657	55	7.7%
2013	729	651	78	10.7%
2012	742	648	94	12.7%
<b><u>County</u></b>				
2016	268,849	254,769	14,080	5.2%
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%
<b><u>State</u></b>				
2016	4,524,262	4,299,923	224,315	5.0%
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%

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 2010)**

	<b><u>Borough</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$39,271	\$59,620	\$69,811
Median Family Income	59,865	73,672	84,904
Per Capita Income	30,423	29,826	34,858

Source: US Bureau of the Census 2010

## **Population**

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

<b><u>Year</u></b>	<b><u>Borough</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2010	1,579	-30.23%	576,567	12.85%	8,791,894	4.49%
2000	2,263	20.95	510,916	17.94	8,414,350	8.85
1990	1,871	4.23	433,203	25.19	7,730,188	4.96
1980	1,795	25.35	346,038	65.99	7,365,001	2.75
1970	1,432	35.86	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:

<b><u>Taxpayers</u></b>	<b><u>2016</u></b>	<b><u>% of Total</u></b>
	<b><u>Assessed Valuation</u></b>	<b><u>Assessed Valuation</u></b>
Friedland Family Trust	\$4,442,000	0.40%
Joy-Jam, Inc. (Windjammer Motor Inn)	3,499,000	0.31%
Taxpayer #1	3,287,800	0.29%
Taxpayer #2	2,606,500	0.23%
Taxpayer #3	2,436,400	0.22%
Taxpayer #4	2,374,900	0.21%
Taxpayer #5	2,310,100	0.21%
Taxpayer #6	2,207,700	0.20%
Taxpayer #7	2,183,700	0.20%
Seaside Park Yacht Club	<u>2,100,000</u>	<u>0.19%</u>
<b>Total</b>	<b><u>\$27,448,100</u></b>	<b><u>2.46%</u></b>

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

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2016	\$14,703,289	\$14,496,059	98.59%
2015	15,344,871	15,081,520	98.28%
2014	14,680,872	14,355,679	97.78%
2013	14,225,586	13,798,425	97.00%
2012	14,643,118	14,090,655	96.23%

Source: Annual Audit Reports of the Borough

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2016	\$0	\$178,484	\$178,484	1.21%
2015	0	217,847	217,847	1.42%
2014	0	258,573	258,573	1.76%
2013	0	373,856	373,856	2.63%
2012	0	522,540	522,540	3.57%

Source: Annual Audit Reports of the Borough

### **Property Acquired by Tax Lien Liquidation**

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

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>
2017	\$0.508	\$0.052	\$0.358	\$0.430	\$1.348
2016	0.480	0.052	0.353	0.427	1.312
2015	0.449	0.053	0.428	0.439	1.369
2014	0.449	0.055	0.376	0.428	1.308
2013	0.425	0.039	0.372	0.417	1.253

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

### **Valuation of Property**

<u>Year</u>	<u>Aggregate Assessed Valuation 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>
2017	\$1,120,117,400	\$1,185,685,826	94.47%	\$0	\$1,185,685,826
2016	1,116,807,400	1,182,432,398	94.45	0	1,182,432,398
2015	1,115,980,500	1,144,126,000	97.54	0	1,144,126,000
2014	1,118,767,200	1,187,272,843	94.23	220,152	1,187,492,995
2013	1,130,583,800	1,187,837,571	95.18	347,240	1,188,184,811

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>
2017	\$26,484,100	\$1,050,983,900	\$0	\$34,345,900	\$0	\$8,303,500	\$1,120,117,400
2016	26,448,900	1,047,592,100	0	34,462,900	0	8,303,500	1,116,807,400
2015	26,288,600	1,043,320,800	0	38,067,600	0	8,303,500	1,115,980,500
2014	24,940,100	1,047,597,800	0	37,875,300	0	8,354,000	1,118,767,200
2013	14,660,100	1,060,313,400	0	47,238,300	0	8,372,000	1,130,583,800

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

## **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**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Fund Balance Utilized	\$752,841	\$1,401,000	\$1,166,000	\$1,706,000	\$1,870,163
Miscellaneous Revenues	4,558,809	3,407,916	4,243,350	3,528,427	3,047,552
Receipts from Delinquent Taxes	520,000	362,600	250,000	210,000	178,000
Amount to be Raised by Taxation	<u>4,817,566</u>	<u>5,022,604</u>	<u>5,010,727</u>	<u>5,349,883</u>	<u>5,686,591</u>
Total Revenue:	<u>\$10,649,216</u>	<u>\$10,194,121</u>	<u>\$10,670,077</u>	<u>\$10,794,310</u>	<u>\$10,782,305</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$8,043,149	\$7,753,981	\$8,652,863	\$8,708,088	\$8,425,632
Operations (Excluded from CAPS)	424,210	508,011	293,419	283,878	395,152
Deferred Charges and Statutory Expenditures	418,357	290,929	0	0	0
Capital Improvement Fund	115,000	109,000	379,000	320,450	341,000
Municipal Debt Service	798,500	1,059,494	1,015,268	1,088,315	1,314,790
Reserve for Uncollected Taxes	<u>850,000</u>	<u>472,706</u>	<u>329,527</u>	<u>393,579</u>	<u>305,732</u>
Total Appropriations:	<u>\$10,649,216</u>	<u>\$10,194,121</u>	<u>\$10,670,077</u>	<u>\$10,794,310</u>	<u>\$10,782,305</u>

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.

	<b><u>Current Fund</u></b>	
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2016	\$2,441,522	\$1,870,163
2015	2,822,349	1,706,000
2014	1,885,899	1,166,000
2013	2,231,442	1,401,000
2012	1,468,820	752,841

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.

**Water/Sewer Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2016	\$1,470,806	\$632,450
2015	1,627,720	220,000
2014	1,609,651	754,018
2013	1,968,338	1,045,529
2012	1,554,383	24,188

Source: Annual Audit Reports of the Borough

Marina Utility Operating Fund

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

**Marina Utility Operating Fund**

<b><u>Year</u></b>	<b><u>Balance 12/31</u></b>	<b><u>Utilized in Budget of Succeeding Year</u></b>
2016	\$185,255	\$97,411
2015	227,285	168,970
2014	233,241	131,543
2013	236,632	141,560
2012	190,713	90,000

Source: Annual Audit Reports of the Borough

**Borough Indebtedness as of December 31, 2016****General Purpose Debt**

Serial Bonds	\$1,884,394
Bond Anticipation Notes	3,816,694
Bonds and Notes Authorized but Not Issued	728,863
Other Bonds, Notes and Loans	<u>417,014</u>
Total:	\$6,846,965

**Regional School District Debt**

Serial Bonds	\$403,123
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$403,123

**Self-Liquidating Debt**

Serial Bonds	\$1,743,606
Bond Anticipation Notes	981,414
Bonds and Notes Authorized but Not Issued	3,263,051
Other Bonds, Notes and Loans	<u>10,380,759</u>
Total:	\$16,368,830

**TOTAL GROSS DEBT****\$23,618,918**

Less: Statutory Deductions

General Purpose Debt	\$64,883
Local School District Debt	403,123
Self-Liquidating Debt	<u>16,368,830</u>
Total:	\$16,836,836

**TOTAL NET DEBT****\$6,782,082**

Source: Annual Debt Statement of the Borough

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**Overlapping Debt (as of December 31, 2016)<sup>3</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Borough Percentage</u></b>	<b><u>Borough Share</u></b>
Local School District	\$0	100.00%	\$0
Regional School District	2,598,000	15.52%	403,123
Ocean County	468,543,847	1.23%	5,761,930
Ocean County Utilities Authority	141,103,202	1.23%	<u>1,735,220</u>
Net Indirect Debt			\$7,900,273
Net Direct Debt			<u>6,782,082</u>
Total Net Direct and Indirect Debt			<b><u>\$14,682,355</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2014, 2015, 2016)	\$1,171,277,080
Permitted Debt Limitation (3 1/2%)	40,994,698
Less: Net Debt	<u>6,782,082</u>
Remaining Borrowing Power	<u>\$34,212,616</u>
Percentage of Net Debt to Average Equalized Valuation	0.579%
 Gross Debt Per Capita based on 2010 population of 1,579	 \$14,958
Net Debt Per Capita based on 2010 population of 1,579	\$4,295

Source: Annual Debt Statement of the Borough

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<sup>3</sup> 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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# FALLON & LARSEN LLP

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Certified Public Accountants

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Telephone: (732) 888-2070  
FAX: (732) 888-6245

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and the comparative statement of general fixed asset account group of the Borough of Seaside Park, State of New Jersey (the "Borough"), as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with the audit requirements as 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 disclosures 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 Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the "Basis for Qualified Opinion on Length of Service Award Program", we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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

As described in Note 2, the financial statements are prepared by the Borough on the basis of 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, to comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2016 and 2015, and the respective changes in financial position for the years then ended.

### *Basis for Qualified Opinion on Length of Service Award Program*

The financial statements of the Length of Service Award Program Fund ("LOSAP") 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. The LOSAP Fund financial activities are included in the Borough's Trust Fund and represents 52% and 41% of the assets and liabilities as of December 31, 2016 and 2015, respectively of the Borough's Trust Funds.

### *Qualified Opinion on Regulatory Basis of Accounting*

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Length of Service Award Program" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the Borough Trust Funds, for the years ended December 31, 2016 and 2015 on the basis of accounting described in Note 2 to the financial statements.

### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Current Fund, Animal Control Trust Fund, Assessment Trust Fund, Trust Other Fund, General Capital Fund, Water-Sewer Utility Fund, Marina Utility Fund, Payroll Fund, Public Assistance Fund and General Fixed Asset Account Group of the Borough as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance of the individual funds for the year ended December 31, 2016, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 2 to the financial statements.

### **Uncertainties Regarding Community Disaster Loan**

As discussed in Note 20E the Borough received a Community Disaster Loan from the United States Government Department of Homeland Security in the amount of \$1,883,637.32 during 2013 and an additional \$670,596.68 during 2014 due to potential losses in revenue as a result of Hurricane Sandy. In accordance with directives from the State of New Jersey, these loans were realized as revenue in various funds of the Borough for the years ended December 31, 2014 and 2013. The loans have not been recorded as loans payable on the balance sheets of the Borough. Federal guidelines stipulate that under certain conditions these loans may be forgiven. As of the date of this report there is no decision that the loan was or will be forgiven. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying financial information listed as supplementary exhibits and supplementary data 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 required part of the basic financial statements.

The accompanying financial information listed as supplementary exhibits and supplementary data in the table of contents 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. Except for the LOSAP Fund supplementary exhibits, such 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. Except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund supplementary information been audited, in our opinion, the supplementary exhibits and supplementary data are fairly stated, in all material respects in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2017 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

*Charles J. Fallon CPA RMA*

Charles J. Fallon  
Certified Public Accountant  
Registered Municipal Accountant #506

*Fallon & Larsen LLP*  
FALLON & LARSEN LLP

Hazlet, New Jersey  
May 31, 2017

# FALLON & LARSEN LLP

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Certified Public Accountants

1390 Route 36, Suite 102  
Hazlet, New Jersey 07730-1716  
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## **INDEPENDENT AUDITORS' 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 Park  
County of Ocean  
Seaside Park, New Jersey

We have audited, in accordance with the 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 financial statements of the Borough of Seaside Park, of the State of New Jersey (the "Borough"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 31, 2017. The financial statements of the Length of Service Award Program ("LOSAP") were not 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 in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 2, the financial statements are prepared by the Borough on the basis of 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. Our opinion was also qualified because the Division of Local Government Services does not require the Length of Service Award Program to be audited, only reviewed.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the Borough in the Schedule of Findings and Recommendations section of this report.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Charles J. Fallon CPA RMA*

Charles J. Fallon  
Certified Public Accountant  
Registered Municipal Accountant #506

*Fallon & Larsen LLP*

FALLON & LARSEN LLP

Hazlet, New Jersey  
May 31, 2017

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	A-4	\$ 5,465,855.07	\$ 6,153,200.66
Cash - Change Fund	A	1,775.00	1,775.00
		<u>5,467,630.07</u>	<u>6,154,975.66</u>
Due from State of New Jersey, Chap. 20 P.L. 1971	A-6	<u>250.00</u>	<u></u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	178,483.62	217,847.49
Revenue Accounts Receivable	A-7	9,051.74	16,466.83
Interfunds Receivable - Grants	A-20	159,075.38	29,924.16
Interfunds Receivable - Other Funds	A-21	751.91	
		<u>347,362.65</u>	<u>264,238.48</u>
Deferred Charges:			
Emergency Appropriation	A-8	34,500.00	
Overexpenditure of Appropriations	A-8	15,082.79	15,082.79
Overexpenditure of Appropriation Reserves	A-8		1,325.35
		<u>49,582.79</u>	<u>16,408.14</u>
		5,864,825.51	6,435,622.28
Federal and State Grant Fund:			
Grants Receivable	A-22	<u>412,153.03</u>	<u>467,604.11</u>
Total Assets		\$ <u><u>6,276,978.54</u></u>	\$ <u><u>6,903,226.39</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Appropriation Reserves	A-3/A-10	\$ 1,292,904.23	\$ 1,208,755.85
Prepaid Beach Badges	A-4/A-7	32,500.00	35,910.00
Reserve for FEMA/Storm Damage	A-4/A-7	12,861.38	50,395.29
Due to State of New Jersey, Chap. 20 P.L. 1971	A-6		2,651.37
Reserve for Hurricane Sandy	A-9		97,222.71
Reserve for Encumbrances	A-11	108,794.35	238,636.77
Tax Overpayments	A-12	137,991.00	11,486.01
Prepaid Taxes	A-13	268,396.74	215,077.91
County Taxes Payable	A-14	16,318.28	21,006.29
Regional High School Tax Payable	A-15	623,520.17	947,814.16
Local School Tax Payable	A-16	192,827.00	197,760.00
Accounts Payable	A-17	18,340.78	15,500.00
Due to State - Uniform Construction Code	A-18	3,091.00	3,306.00
Various Reserves	A-19	303,511.98	303,511.98
Interfunds Payable	A-21	64,883.48	
		<u>3,075,940.39</u>	<u>3,349,034.34</u>
Reserve for Receivables and Other Assets	A	347,362.65	264,238.48
Fund Balance	A-1	<u>2,441,522.47</u>	<u>2,822,349.46</u>
		<u>5,864,825.51</u>	<u>6,435,622.28</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-23	159,075.38	29,924.16
Appropriated Reserves	A-24	173,931.17	228,793.45
Unappropriated Reserves	A-25	4,378.59	
Reserve for Encumbrances	A-26	74,767.89	208,886.50
		<u>412,153.03</u>	<u>467,604.11</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>6,276,978.54</u>	\$ <u>6,903,226.39</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,706,000.00	\$ 1,166,000.00
Miscellaneous Revenue Anticipated	A-2	3,757,815.30	4,837,271.96
Receipts from Delinquent Taxes	A-2	191,063.00	257,650.97
Receipts from Current Taxes	A-2	14,496,059.32	15,081,520.41
Non-Budget Revenues	A-2	162,569.28	190,112.72
Other Credits to Income:			
Statutory Dog Excess	A-4		462.40
Canceled Checks	A-4		125.00
Due to State of New Jersey - Seniors/Veterans			
Canceled	A-6	2,901.37	
Prior Year Senior/Veteran Allowed	A-6	250.00	
Unexpended Balance of Appropriation Reserves	A-10	1,178,267.67	941,564.94
Tax Overpayments Canceled	A-12	0.04	
Accounts Payable Canceled	A-17	12,803.18	27,313.22
Interfund Returned - Grants	A-20		362,807.20
Interfunds Returned - Other	A-21		18,226.40
Grants Appropriated Canceled	A-24		13,032.75
Total Revenue		<u>21,507,729.16</u>	<u>22,896,087.97</u>
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	4,400,750.00	4,395,780.00
Other Expenses	A-3	3,396,616.00	3,433,994.55
Deferred Charges and Statutory Expenditures	A-3	910,722.35	838,171.00
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	506,122.75	443,893.12
Capital Improvements	A-3	320,450.00	379,000.00
Municipal Debt Service	A-3	1,063,731.31	1,009,292.83
		<u>10,598,392.41</u>	<u>10,500,131.50</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Refund Prior Year's Revenue	A-4	1,895.00	300.00
Prior Year Tax Revenue Refunded	A-12	174,454.89	1,125.70
County Taxes	A-14	4,776,739.44	4,892,411.00
Amount Due County for Added and Omitted Taxes	A-14	16,318.28	21,006.29
Regional High School Tax	A-15	3,940,872.00	4,781,136.00
Local District School Tax	A-16	578,481.00	593,281.00
Grants Receivable Canceled	A-20		19,329.00
Interfunds Advanced - Grants	A-20	129,151.22	
Interfunds Advanced	A-21	751.91	
Total Expenditures		<u>20,217,056.15</u>	<u>20,808,720.49</u>
Excess/(Deficit) in Revenue		1,290,673.01	2,087,367.48
Add:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Year:			
Emergency Appropriations	A-3	34,500.00	
Overexpenditure of Appropriations	A-3		15,082.79
Statutory Excess to Fund Balance		1,325,173.01	2,102,450.27
Fund Balance January 1	A	<u>2,822,349.46</u>	<u>1,885,899.19</u>
		4,147,522.47	3,988,349.46
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	<u>1,706,000.00</u>	<u>1,166,000.00</u>
Fund Balance December 31	A	<u>\$ 2,441,522.47</u>	<u>\$ 2,822,349.46</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u> Special N.J.S.A. 40A:4-87	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,706,000.00		\$ 1,706,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-7	9,500.00		7,930.00	\$ (1,570.00)
Other	A-2/A-7	10,500.00		9,920.00	(580.00)
Fees and Permits	A-2/A-7	140,000.00		131,062.15	(8,937.85)
Fines and Costs:					
Municipal Court	A-7	377,241.00		328,351.33	(48,889.67)
Interest and Costs on Taxes	A-7	54,000.00		50,130.18	(3,869.82)
Parking Meters	A-7	316,775.35		361,606.42	44,831.07
Interest on Investments and Deposits	A-7	3,500.00		3,905.47	405.47
Beach Badges	A-7	1,500,000.00		1,587,625.00	87,625.00
Fire Protection Contract	A-7	28,000.00		30,000.00	2,000.00
Cable Television Franchise Fees	A-7	15,000.00		20,304.00	5,304.00
Energy Receipts Tax (P.L. 1997, Ch. 62 & 67)	A-7	206,517.00		206,517.00	
Uniform Construction Code Fees	A-7	220,000.00		185,325.00	(34,675.00)
Revenue Reserve-Storm Damage	A-7	50,395.29		50,395.29	
Utility Operating Surplus of Prior Year -					
Water/Sewer Utility	A-7	449,776.00		449,776.00	
Reserve for FEMA Proceeds - Hurricane Sandy	A-7	97,222.71		97,222.71	
Clean Communities Program	A-22		\$ 12,918.66	12,918.66	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Anticipated</u> Special N.J.S.A. 40A:4-87	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Municipal Alliance on Alcoholism and Drug Abuse	A-22		17,277.00	17,277.00	
Ocean County "Circle of Life" Barnegat Bay Sewerage Pump Out Vessel Program	A-22	50,000.00	15,000.00	65,000.00	
NJ Body Armor Fund	A-22		1,542.58	1,542.58	
DCA Community Development Block Grant - Post Sandy Planning Assistance Grant	A-22		50,000.00	50,000.00	
Drunk Driving Enforcement Fund	A-22		5,506.51	5,506.51	
FEMA Hazard Mitigation Grant Program - Bayfront Wave Energy Dissipation Structure Project Phase I	A-22		85,500.00	85,500.00	
Total Miscellaneous Revenues	A-1	3,528,427.35	187,744.75	3,757,815.30	41,643.20
Receipts from Delinquent Taxes	A-1/A-2	210,000.00		191,063.00	(18,937.00)
		5,444,427.35	187,744.75	5,654,878.30	22,706.20
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	5,349,883.10		5,577,227.70	227,344.60
		10,794,310.45	187,744.75	11,232,106.00	250,050.80
Non-Budget Revenues	A-1/A-2			162,569.28	162,569.28
Total		\$ 10,794,310.45	\$ 187,744.75	\$ 11,394,675.28	\$ 412,620.08
	<u>Ref.</u>	A-3	A-3		

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 14,496,059.32
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Allocated to School and County Taxes	A-5	<u>9,312,410.72</u>
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Balance for Support of Municipal Budget Appropriations		5,183,648.60
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Add:

Reserve for Uncollected Taxes	A-3	<u>393,579.10</u>
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Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,577,227.70</u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	A-2/A-5	<u>\$ 191,063.00</u>
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Analysis of Licenses - Other:

Clerk		\$ 1,025.00
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Code Enforcement		<u>8,895.00</u>
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	A-2	<u>\$ 9,920.00</u>
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**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

Fees and Permits Other:

Clerk	\$	599.10
Code Enforcement - Rental Permits		55,985.00
Code Enforcement - Other		300.00
DPW - Natural Gas Opening Permits		8,700.00
DPW - Bulk Trash Fees		7,470.00
DPW - Scrap Fees		237.55
Planning and Zoning		34,070.00
Police		1,085.50
Boat Ramp Fees		22,615.00

A-2 \$ 131,062.15

Analysis of Non-Budget Revenues:

Clerk	\$	5,405.00
NSF Check Fees		260.00
Code Enforcement		8,520.75
Police - Property Room Agency Payments		852.50
Police Off-Duty Administrative Fees		5,783.86
Senior and Veteran Administrative Fee		500.00
Insurance Dividend		42,726.12
Insurance Reimbursement		14,481.67
Planning and Zoning		3,460.00
DPW/Recycling		2,450.63
Beach - Product Sales		34,061.00
Beach - Chair and Umbrella Rentals		3,195.00
Recreation - Farmers Market		5,929.00
Recreation - Events		12,815.00
Finance Miscellaneous		2,808.29
Excess CDBG Receipts from Boardwalk Fire		3,322.00
Bank Merchant Fee Refunds		6,000.00
Beautification Committee Donations		1,000.00
Motor Vehicle Inspection Fines		5,123.67
Unclaimed Bail Money		743.00
Other		3,131.79

A-2/A-4 \$ 162,569.28

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
<u>Operations Within CAPS</u>					
General Government:					
Administrative and Executive					
Salaries and Wages	\$ 165,000.00	\$ 165,000.00	\$ 154,846.93	\$ 10,153.07	
Other Expenses	125,000.00	125,000.00	112,304.98	12,695.02	
Mayor and Council					
Salaries and Wages	49,000.00	49,000.00	48,805.91	194.09	
Other Expenses	6,450.00	6,450.00	2,377.19	4,072.81	
Financial Administration					
Salaries and Wages	100,000.00	100,000.00	58,082.29	41,917.71	
Other Expenses	17,000.00	17,500.00	16,937.45	562.55	
Audit Services					
Other Expenses	50,000.00	50,000.00	29,037.50	20,962.50	
Revenue Administration (Tax Collection)					
Salaries and Wages	48,000.00	48,000.00	24,082.05	23,917.95	
Other Expenses	7,000.00	7,000.00	5,840.66	1,159.34	
Tax Assessment Administration					
Salaries and Wages	15,500.00	15,500.00	14,900.08	599.92	
Other Expenses	10,000.00	10,000.00	5,616.44	4,383.56	
Legal Services					
Other Expenses	150,000.00	150,000.00	129,461.96	20,538.04	
Engineering Services					
Other Expenses	100,000.00	100,000.00	52,722.75	47,277.25	
Land Use Administration:					
Planning Board:					
Salaries and Wages	1,000.00	1,000.00	1,000.00		
Other Expenses	17,000.00	17,000.00	12,921.00	4,079.00	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Insurances:					
General Liability Insurance	300,000.00	300,000.00	192,788.43	107,211.57	
Workers Compensation Insurance	364,000.00	364,000.00	338,066.44	25,933.56	
Employee Group Insurance	644,241.00	644,241.00	604,089.36	40,151.64	
Other	62,000.00	68,400.00	65,947.00	2,453.00	
Health Benefit Waiver	5,000.00	5,000.00	5,000.00		
Public Safety Functions:					
Police					
Salaries and Wages	2,100,000.00	2,100,000.00	2,026,963.52	73,036.48	
Other Expenses	265,000.00	265,000.00	245,530.49	19,469.51	
Office of Emergency Management					
Salaries and Wages	5,000.00	5,000.00	5,000.00		
Other Expenses	4,000.00	9,000.00	3,979.44	5,020.56	
Aid to Volunteer Ambulance Service					
Other Expenses	45,000.00	45,000.00	45,000.00		
Fire Department					
Other Expenses - Hydrant Service	7,500.00	7,500.00	7,500.00		
Other Expenses - Clothing Allowance	16,000.00	16,000.00	9,982.00	6,018.00	
Other Expenses - Miscellaneous	60,000.00	60,000.00	40,502.16	19,497.84	
Municipal Prosecutor's Office					
Other Expenses	40,000.00	40,000.00	32,100.00	7,900.00	
Municipal Court					
Salaries and Wages	234,000.00	234,000.00	207,526.61	26,473.39	
Other Expenses	25,000.00	25,000.00	18,320.06	6,679.94	
Public Defender					
Other Expenses	15,000.00	15,000.00	12,203.81	2,796.19	
Streets and Road Maintenance					
Other Expenses	5,000.00	5,000.00	4,984.80	15.20	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Public Works Functions					
Public Works					
Salaries and Wages	880,000.00	880,000.00	773,297.81	106,702.19	
Other Expenses	37,000.00	37,000.00	26,390.68	10,609.32	
Recycling Program					
Other Expenses	2,500.00	2,500.00	2,275.00	225.00	
Public Buildings and Grounds Maintenance					
Other Expenses	140,000.00	140,000.00	113,854.05	26,145.95	
Vehicle Maintenance					
Other Expenses	100,000.00	100,000.00	69,321.13	30,678.87	
Health and Human Services					
Environmental Committee					
Other Expenses	4,300.00	4,300.00	1,500.43	2,799.57	
Animal Control Services					
Other Expenses	900.00	900.00		900.00	
Administration of Public Assistance					
Salaries and Wages	7,750.00	7,750.00	7,667.92	82.08	
Other Expenses	75.00	75.00		75.00	
Aid to Domestic Violence Shelter (N.J.S.A. 14-11)					
Other Expenses	1,000.00	1,000.00	280.00	720.00	
Park and Recreation Functions:					
Recreation					
Salaries and Wages	10,000.00	10,000.00	407.40	9,592.60	
Other Expenses	32,200.00	19,100.00	12,429.89	6,670.11	
Seasonal Beach Operations					
Salaries and Wages:					
Beach Patrol	300,000.00	300,000.00	278,729.30	21,270.70	
Beach Control	193,000.00	193,000.00	178,808.37	14,191.63	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Other Expenses:					
Beach Patrol	41,400.00	31,400.00	24,770.00	6,630.00	
Beach Control	65,550.00	65,550.00	64,388.00	1,162.00	
Beach Clean Up	5,000.00	5,000.00		5,000.00	
Beach Bathroom Operations					
Other Expenses	3,000.00	3,000.00		3,000.00	
Beach, Bayfront, Boardwalk and Dock Maintenance					
Other Expenses	25,000.00	25,000.00	20,300.20	4,699.80	
Other Common Operating Functions:					
Accumulated Leave Compensation					
Salaries and Wages	17,500.00	17,500.00	17,500.00		
Information Technology:					
Other expenses	20,500.00	20,700.00	20,502.44	197.56	
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Code Enforcement and Construction					
Salaries and Wages	275,000.00	275,000.00	250,457.35	24,542.65	
Other Expenses	75,000.00	80,000.00	65,312.83	14,687.17	
Unclassified:					
Utility Expenses:					
Electricity	70,000.00	70,000.00	43,379.94	26,620.06	
Street Lighting	57,000.00	57,000.00	51,028.19	5,971.81	
Telephone	70,000.00	76,000.00	75,243.89	756.11	
Natural Gas	31,000.00	31,000.00	15,000.00	16,000.00	
Gasoline	125,000.00	125,000.00	60,578.90	64,421.10	
Solid Waste Disposal Costs:					
Garbage and Trash Removal					
Other Expenses	150,000.00	150,000.00	135,122.00	14,878.00	
Total Operations Within CAPS	<u>7,797,366.00</u>	<u>7,797,366.00</u>	<u>6,842,967.03</u>	<u>954,398.97</u>	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Detail:					
Salaries and Wages	4,400,750.00	4,400,750.00	4,048,075.54	352,674.46	
Other Expenses	3,396,616.00	3,396,616.00	2,794,891.49	601,724.51	
<u>Deferred Charges and Statutory Expenditures Within CAPS</u>					
Deferred Charges:					
Over Expenditure of Appropriation Reserve	1,325.35	1,325.35	1,325.35		
Statutory Expenditures:					
Public Employees' Retirement System	180,342.00	180,342.00	133,521.03	46,820.97	
Social Security System (O.A.S.I.)	337,000.00	337,000.00	290,644.29	46,355.71	
Police & Firemen's Retirement System	344,665.00	344,665.00	344,665.00		
Unemployment Insurance	46,390.00	46,390.00	6,952.14	39,437.86	
Defined Contribution Retirement Program	1,000.00	1,000.00	252.93	747.07	
Deferred Charges and Statutory Expenditures Within CAPS	910,722.35	910,722.35	777,360.74	133,361.61	
Total Appropriations Within CAPS	8,708,088.35	8,708,088.35	7,620,327.77	1,087,760.58	
<u>Operations Excluded from CAPS</u>					
LOSAP					
Other Expenses	30,000.00	30,000.00	25,824.00	4,176.00	
Aid to Volunteer Ambulance Service (Emergency)					
Other Expenses		25,000.00	25,000.00		
Interlocal Municipal Service Agreements:					
Seaside Heights Borough - Transportation	5,000.00	5,000.00	5,000.00		
Berkeley Township - Animal Control Service	6,678.00	6,678.00		6,678.00	
Ocean County:					
Board of Health - Animal Shelter Services	800.00	800.00	416.00	384.00	
Road Department - Road Materials and Paving	12,000.00	12,000.00	3,288.60	8,711.40	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Fire/Police - 911 Dispatch Services	177,100.00	177,100.00	42,155.25	134,944.75	
Long Beach Township Mobile Data Terminals	1,300.00	1,300.00	1,300.00		
Manchester Township - Firearms Range	1,000.00	1,000.00	1,000.00		
Public and Private Programs Offset by Revenues:					
Clean Communities Grant		12,918.66	12,918.66		
Municipal Alliance on Alcoholism and Drug Abuse		17,277.00	17,277.00		
Ocean County "Circle of Life" Barnegat Bay					
Sewerage Pump Out Vessel Program	50,000.00	65,000.00	65,000.00		
FEMA Hazard Mitigation Grant Program -					
BayFront Wave Energy Dissipation Structure Project Phase I		85,500.00	85,500.00		
BayFront Wave Energy Dissipation Structure Project Phase I -					
Matching Funds		9,500.00	9,500.00		
NJ Body Armor Fund		1,542.58	1,542.58		
Community Development Block Grant -					
Post Sandy Planning Assistance Grant		50,000.00	50,000.00		
Drunk Driving Enforcement Fund		5,506.51	5,506.51		
Total Operations - Excluded from CAPS	<u>283,878.00</u>	<u>506,122.75</u>	<u>351,228.60</u>	<u>154,894.15</u>	
Detail:					
Other Expenses	<u>283,878.00</u>	<u>506,122.75</u>	<u>351,228.60</u>	<u>154,894.15</u>	
<u>Capital Improvements Excluded from CAPS</u>					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Acquisition of SUV Police Vehicle	50,000.00	50,000.00	50,000.00		
Acquisition of Public Works Vehicle	25,000.00	25,000.00	23,754.00	1,246.00	
Boardwalk Fountains and Showers	16,000.00	16,000.00	15,320.50	679.50	
14 Ave & Bay Landscaping Improvements	20,000.00	20,000.00		20,000.00	
Police Station Lawn Improvements	30,000.00	30,000.00	1,676.00	28,324.00	
Police Holding Cell Reconstruction	29,450.00	29,450.00	29,450.00		
Total Capital Improvements Excluded from CAPS	<u>320,450.00</u>	<u>320,450.00</u>	<u>270,200.50</u>	<u>50,249.50</u>	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	Balance <u>Canceled</u>
<u>Municipal Debt Service Excluded from CAPS</u>					
Payment of Bond Principal	249,313.00	249,313.00	249,313.00		
Payment of Bond Anticipation Notes and Capital Notes	631,477.00	630,477.00	607,105.00		\$ 23,372.00
Interest on Bonds	85,525.00	85,525.00	85,524.22		0.78
Interest on Notes	33,000.00	34,000.00	33,059.49		940.51
Green Trust Loan Program					
Loan Repayments for Principal and Interest	89,000.00	89,000.00	88,729.60		270.40
Total Municipal Debt Service Excluded from CAPS	<u>1,088,315.00</u>	<u>1,088,315.00</u>	<u>1,063,731.31</u>		<u>24,583.69</u>
Total General Appropriations Excluded from CAPS	<u>1,692,643.00</u>	<u>1,914,887.75</u>	<u>1,685,160.41</u>	<u>205,143.65</u>	<u>24,583.69</u>
Subtotal General Appropriations	10,400,731.35	10,622,976.10	9,305,488.18	1,292,904.23	24,583.69
Reserve for Uncollected Taxes	<u>393,579.10</u>	<u>393,579.10</u>	<u>393,579.10</u>		
Total General Appropriations	\$ <u>10,794,310.45</u>	\$ <u>11,016,555.20</u>	\$ <u>9,699,067.28</u>	\$ <u>1,292,904.23</u>	\$ <u>24,583.69</u>
<u>Ref.</u>	A-2	A-3	A-1	A/A-1	

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-2	\$ 10,794,310.45
Added by N.J.S. 40A:4-87	A-2	187,744.75
Emergency Appropriations	A-1/A-8	<u>34,500.00</u>
	A-3	<u>\$ 11,016,555.20</u>
		<u>Paid or Charged</u>
Cash Disbursements	A-4	\$ 8,948,123.73
Reserve for Uncollected Taxes	A-2	393,579.10
Deferred Charges - Overexpenditure of Appropriations	A-8	1,325.35
Reserve for Encumbrances	A-11	108,794.35
Appropriated Reserves for Federal and State Grants	A-20/A-24	<u>247,244.75</u>
	A-3	<u>\$ 9,699,067.28</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Assessment Trust Fund:			
Cash	B-2	\$ 93,667.25	\$ 93,667.25
Animal Control Trust Fund:			
Cash	B-2	524.40	456.00
Trust Other Fund:			
Cash	B-2	318,797.83	341,681.33
Length of Service Awards Program (LOSAP)-UNAUDITED:			
Funds Held by Trustee	B-6	<u>343,558.47</u>	<u>307,989.21</u>
Total Assets		\$ <u><u>756,547.95</u></u>	\$ <u><u>743,793.79</u></u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Assessment Trust Fund:			
Fund Balance	B-1	\$ <u>93,667.25</u>	\$ <u>93,667.25</u>
Animal Control Trust Fund:			
Reserve for Animal Control Expenditures	B-3	524.40	441.60
Due to State of New Jersey	B-4	<u>-</u>	<u>14.40</u>
		<u>524.40</u>	<u>456.00</u>
Trust Other Fund:			
Various Reserves	B-5	<u>318,797.83</u>	<u>341,681.33</u>
Length of Service Awards Program (LOSAP)-UNAUDITED:			
Reserve for Length of Service Awards Program	B-7	<u>343,558.47</u>	<u>307,989.21</u>
Total Liabilities, Reserves and Fund Balance		\$ <u><u>756,547.95</u></u>	\$ <u><u>743,793.79</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND  
STATEMENT OF FUND BALANCE - ASSESSMENT TRUST FUND  
REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	
Balance, December 31, 2015 and 2016	B	\$ <u>93,667.25</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

<b>ASSETS</b>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2	\$ 1,424,878.84	\$ 2,573,732.17
Grant Receivable: New Jersey Historic Trust Sandy Disaster Relief Grant for Historic Properties Program - Ordinance 1682	C	371,049.00	371,049.00
Deferred Charges to Future Taxation:			
Funded	C-4	2,301,407.93	2,629,920.28
Unfunded	C-5	4,545,557.36	5,152,662.36
Interfund - Current Fund	C-14	64,883.48	
		<u>\$ 8,707,776.61</u>	<u>\$ 10,727,363.81</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds	C-6	\$ 1,884,394.00	\$ 2,133,707.00
Bond Anticipation Notes	C-7	3,816,694.00	4,423,799.00
Green Trust Loans Payable	C-8	417,013.93	496,213.28
Reserve for Encumbrances	C-9	264,138.67	1,250,366.42
Improvement Authorizations:			
Funded	C-9	64,391.57	83,141.57
Unfunded	C-9	1,455,342.20	1,756,316.30
Capital Improvement Fund	C-10	150,952.44	952.44
Reserve for Preliminary Improvement Costs	C-11	398.75	398.75
Reserve to Pay Debt Service	C-12	64,883.48	
Reserve for Insurance Proceeds - Hurricane Sandy	C-13	6.88	6.88
Reserve for Grants Receivable	C	371,049.00	371,049.00
Fund Balance	C-1	218,511.69	211,413.17
		<u>\$ 8,707,776.61</u>	<u>\$ 10,727,363.81</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$ 728,863.36. (Exhibit C-15)

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 211,413.17
Increased by:		
Premium on Bond Anticipation Notes Issued	C-2	<u>7,098.52</u>
Balance, December 31, 2016	C	<u><u>\$ 218,511.69</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

<b>ASSETS</b>	<b><u>Ref.</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
<b><u>Operating Fund</u></b>			
Cash	D-5	\$ 2,212,786.22	\$ 2,412,111.36
Change Fund	D	<u>200.00</u>	<u>200.00</u>
		<u>2,212,986.22</u>	<u>2,412,311.36</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	<u>282,204.93</u>	<u>269,700.30</u>
Interfunds Receivable:			
Interfund - Marina Operating	D-8	<u>7,965.31</u>	<u>7,965.31</u>
Total Operating Fund		<u>2,503,156.46</u>	<u>2,689,976.97</u>
<b><u>Capital Fund</u></b>			
Cash	D-5	467,812.61	1,049,830.66
Performance Deposit - N.J. DOT	D-10	50,000.00	50,000.00
Performance Deposit - Ocean County Utilities Authority	D-10	2,000.00	2,000.00
Interfund - Water - Sewer Operating Fund	D-16	243,090.00	90,090.00
Fixed Capital	D-18	8,134,798.34	7,788,297.01
Fixed Capital Authorized and Uncompleted	D-19	20,058,775.00	19,143,775.00
Grants Receivable - USDA	D-20	<u>66,049.00</u>	<u>66,049.00</u>
Total Capital Fund		<u>28,956,475.95</u>	<u>28,190,041.67</u>
Total Assets		<u>\$ 31,459,632.41</u>	<u>\$ 30,880,018.64</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<u>Operating Fund</u>			
Appropriation Reserves	D-4/D-12	\$ 285,256.27	\$ 402,866.27
Interfund - Water - Sewer Capital Fund	D-8	243,090.00	90,090.00
Accounts Payable	D-11	41,561.00	
Reserve for Encumbrances	D-13	74,077.02	209,090.77
Customer Overpayments	D-14	6,042.44	6,931.42
Accrued Interest Payable	D-15	100,118.45	83,578.63
		<u>750,145.18</u>	<u>792,557.09</u>
Reserve for Receivables and Other Assets	D	282,204.93	269,700.30
Fund Balance	D-1	<u>1,470,806.35</u>	<u>1,627,719.58</u>
Total Operating Fund		<u>2,503,156.46</u>	<u>2,689,976.97</u>
<u>Capital Fund</u>			
USDA Loan Payable	D-17	2,573,210.86	2,610,455.62
Bond Anticipation Notes	D-21	708,414.00	861,414.00
Serial Bonds	D-22	1,513,724.00	1,713,980.00
State of New Jersey			
Environmental Infrastructure Loan Payable	D-23	7,277,215.84	7,827,428.83
Improvement Authorizations:			
Funded	D-24	181,905.98	181,905.98
Unfunded	D-24	2,734,265.69	2,498,165.69
Reserve for Encumbrances	D-24	311,445.93	135,840.81
Capital Improvement Fund	D-25	112,365.00	112,365.00
Reserve for Amortization	D-26	6,621,074.34	6,074,317.01
Deferred Reserve for Amortization	D-27	6,237,383.30	5,406,925.55
Reserve for Debt Service	D-9	34,077.92	34,077.92
Fund Balance	D-2	<u>651,393.09</u>	<u>733,165.26</u>
Total Capital Fund		<u>28,956,475.95</u>	<u>28,190,041.67</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 31,459,632.41</u>	<u>\$ 30,880,018.64</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$ 3,262,551.00. (Exhibit D-28)

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-3	\$ 220,000.00	\$ 754,018.09
Water - Sewer Rents	D-3	2,456,811.81	2,486,663.54
Fire Hydrant Service	D-3	15,000.00	
Elevated Tank Lease	D-3	193,594.75	166,224.75
Miscellaneous	D-3	45,803.45	40,768.64
Reserve for FEMA Proceeds	D-3		89,877.91
Reserve for Insurance Proceeds	D-3		510.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	<u>385,885.92</u>	<u>438,639.36</u>
Total Revenue		<u>3,317,095.93</u>	<u>3,976,702.29</u>
Expenditures:			
Operating	D-4	1,296,024.00	1,776,000.00
Capital Improvements	D-4	153,000.00	183,000.00
Debt Service	D-4	1,269,319.16	1,161,615.99
Deferred Charges and Statutory Expenditures	D-4	84,000.00	84,000.00
Refund Prior Revenue	D-5	<u>1,890.00</u>	
Total Expenditures		<u>2,804,233.16</u>	<u>3,204,615.99</u>
Statutory Excess to Fund Balance		512,862.77	772,086.30
Fund Balance January 1	D	<u>1,627,719.58</u>	<u>1,609,651.37</u>
		2,140,582.35	2,381,737.67
Decreased by:			
Utilized as Anticipated Revenue in Current Fund	D-5	449,776.00	
Utilization as Anticipated Revenue	D-1	<u>220,000.00</u>	<u>754,018.09</u>
Fund Balance December 31	D	<u>\$ 1,470,806.35</u>	<u>\$ 1,627,719.58</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 733,165.26
Increased by:		
Premium on Bond Anticipation Notes	D-5	<u>8,227.83</u>
		741,393.09
Decreased by:		
Utilized to Fund Improvement Authorization	D-24	<u>90,000.00</u>
Balance, December 31, 2016	D	\$ <u><u>651,393.09</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 220,000.00	\$ 220,000.00	
Water - Sewer Rents	D-1/D-7	2,381,000.00	2,456,811.81	\$ 75,811.81
Fire Hydrant Service	D-1/D-5	7,500.00	15,000.00	7,500.00
Miscellaneous	D-1/D-3/D-5	35,000.00	45,803.45	10,803.45
Elevated Tank Lease	D-1/D-5	160,000.00	193,594.75	33,594.75
		<u>\$ 2,803,500.00</u>	<u>\$ 2,931,210.01</u>	<u>\$ 127,710.01</u>

Ref.

Analysis of Miscellaneous Revenue:

Interest on Investments and Deposits	\$ 1,737.27
Water Tap Fees	6,320.00
Temporary Service Disconnect	2,500.00
Interest on Delinquent Accounts	22,138.46
Sewer Lateral Fees	3,440.00
NSF Fees	40.00
Termination of Service	1,400.00
Other	<u>8,227.72</u>
D-3/D-5	<u>\$ 45,803.45</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

WATER - SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Operating:					
Salaries and Wages	\$ 437,024.00	\$ 437,024.00	\$ 406,767.98	\$ 30,256.02	
Other Expenses	734,000.00	734,000.00	614,164.22	119,835.78	
Ocean County Utilities Authority	125,000.00	125,000.00	800.00	124,200.00	
Capital Improvements:					
Water Meter System Upgrades	153,000.00	153,000.00	151,620.00	1,380.00	
Debt Service:					
Payment of Bond Principal	200,256.00	200,256.00	200,256.00		
Payment of Bond Anticipation Notes and Capital Notes	153,000.00	153,000.00	153,000.00		
Interest on Bonds	67,000.00	67,000.00	66,364.54		\$ 635.46
Interest on Notes	9,000.00	7,000.00	6,848.77		151.23
NJEIT - Loan Principal	550,500.00	550,500.00	550,212.99		287.01
NJEIT - Loan Interest	182,000.00	184,000.00	183,918.61		81.39
USDA Level Debt Payment	108,720.00	108,720.00	108,718.25		1.75
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	45,000.00	45,000.00	45,000.00		
Social Security System (O.A.S.I.)	34,000.00	34,000.00	29,415.53	4,584.47	
Unemployment Compensation Insurance	5,000.00	5,000.00		5,000.00	
	<u>\$ 2,803,500.00</u>	<u>\$ 2,803,500.00</u>	<u>\$ 2,517,086.89</u>	<u>\$ 285,256.27</u>	<u>\$ 1,156.84</u>
	<u>Ref.</u>	<u>D-3</u>	<u>D-1/D-3</u>	<u>D-1/D-4</u>	<u>D/D-1</u>
Analysis of Paid or Charged:					
Cash Disbursements	D-5		\$ 1,961,404.46		
Interfund - Water-Sewer Capital Fund	D-8		153,000.00		
Reserve for Encumbrances	D-13		74,077.02		
Accrued Interest Payable	D-15		328,605.41		
	D-4		<u>\$ 2,517,086.89</u>		

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

MARINA UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
<u>Operating Fund</u>			
Cash	E-5	\$ 589,790.87	\$ 497,026.74
Change Fund	E	200.00	200.00
Petty Cash	E	400.00	400.00
Total Operating Fund		<u>590,390.87</u>	<u>497,626.74</u>
<u>Capital Fund</u>			
Cash	E-5	178,879.36	283,232.46
Fixed Capital	E-9	2,355,994.96	2,355,994.96
Fixed Capital Authorized and Uncompleted	E-10	1,709,424.73	1,709,424.73
Interfund - Marina Operating Fund	E-24	98,775.07	
Total Capital Fund		<u>4,343,074.12</u>	<u>4,348,652.15</u>
Total Assets		\$ <u><u>4,933,464.99</u></u>	\$ <u><u>4,846,278.89</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

MARINA UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<u>Operating Fund</u>			
Appropriation Reserves	E-4/E-11	\$ 99,587.66	\$ 64,884.19
Repaid Storage Fees	E-5	529.65	
Prepaid Slip Rental Fees	E-8	172,005.80	174,575.90
Reserve for Encumbrances	E-12	20,178.46	17,257.79
Accrued Interest Payable	E-14	4,700.45	5,184.18
Interfund - Marina Capital Fund	E-22	98,775.07	
Interfund - Current Fund	E-22	751.91	
Interfund - Water/Sewer Operating Fund	E-22	7,965.31	7,965.31
Sales Tax Payable	E-23	641.55	474.60
		<u>405,135.86</u>	<u>270,341.97</u>
Fund Balance	E-1	<u>185,255.01</u>	<u>227,284.77</u>
Total Operating Fund		<u>590,390.87</u>	<u>497,626.74</u>
<u>Capital Fund</u>			
Capital Fund Balance	E-2	7,791.47	6,984.82
Green Trust Loans Payable	E-13	530,332.27	620,673.68
Serial Bonds	E-15	229,882.00	260,313.00
Bond Anticipation Notes	E-16	273,000.00	372,500.00
Improvement Authorizations:			
Funded	E-17	49,026.26	48,285.94
Unfunded	E-17	55,535.00	56,269.32
Reserve for Encumbrances	E-17	16,226.25	21,892.00
Capital Improvement Fund	E-18	149,575.45	149,575.45
Reserve for Amortization	E-19	1,825,662.69	1,735,321.28
Deferred Reserve for Amortization	E-20	1,206,042.73	1,076,111.73
Reserve for FEMA Proceeds	E-21		724.93
		<u>4,343,074.12</u>	<u>4,348,652.15</u>
Total Capital Fund		<u>4,343,074.12</u>	<u>4,348,652.15</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>4,933,464.99</u>	\$ <u>4,846,278.89</u>

There were bonds and notes authorized but not issued on December 31, 2016 of \$500.00. (Exhibit E-25)

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

MARINA UTILITY OPERATING FUND  
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
REGULATORY BASIS

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	E-3	\$ 168,970.07	\$ 131,543.07
Boat Slip Rental Fees	E-3	336,737.60	327,571.00
Reserve for FEMA Proceeds	E-3	724.93	523,000.00
Miscellaneous Anticipated	E-3	32,636.00	26,238.14
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-11	<u>82,006.98</u>	<u>64,520.81</u>
Total Revenue		<u>621,075.58</u>	<u>1,072,873.02</u>
Expenditures:			
Operating	E-4	169,000.00	162,000.00
Capital Improvements	E-4	75,000.00	80,000.00
Debt Service	E-4	244,471.27	699,804.18
Deferred Charges and Statutory Expenditures	E-4	<u>5,664.00</u>	<u>5,482.00</u>
Total Expenditures		<u>494,135.27</u>	<u>947,286.18</u>
Excess in Revenue		126,940.31	125,586.84
Fund Balance January 1	E	<u>227,284.77</u>	<u>233,241.00</u>
		354,225.08	358,827.84
Decreased by:			
Utilization as Anticipated Revenue	E-1/E-3	<u>168,970.07</u>	<u>131,543.07</u>
Fund Balance December 31	E	<u>\$ 185,255.01</u>	<u>\$ 227,284.77</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

MARINA UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 6,984.82
Increased by:		
Cash Receipts	E-5	<u>806.65</u>
Balance, December 31, 2016	E	<u><u>\$ 7,791.47</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

MARINA UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	E-1	\$ 168,970.07	\$ 168,970.07	\$ -
Boat Slip Rental Fees	E-1/E-7	307,000.00	336,737.60	29,737.60
Reserve for FEMA Proceeds	E-1/E-21	724.93	724.93	-
Miscellaneous	E-1/E-3/E-5	<u>20,000.00</u>	<u>32,636.00</u>	<u>12,636.00</u>
		<u>\$ 496,695.00</u>	<u>\$ 539,068.60</u>	<u>\$ 42,373.60</u>

Ref. E-4

Analysis of Miscellaneous Revenue

Interest on Deposits	\$ 410.80
Summer Storage	23,479.35
Winter Storage	11,106.60
Sales Tax	<u>(2,360.75)</u>
E-3	<u>\$ 32,636.00</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
**COUNTY OF OCEAN, NEW JERSEY**

**MARINA UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

For the Year Ended December 31, 2016

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 49,000.00	\$ 49,000.00	\$ 39,411.37	\$ 9,588.63	
Other Expenses	120,000.00	120,000.00	107,650.13	12,349.87	
Capital Improvements					
Capital Outlay	75,000.00	75,000.00		75,000.00	
Debt Service:					
Payment of Bond Principal	30,431.00	30,431.00	30,431.00		
Payment of Bond Anticipation Notes	99,500.00	99,500.00	99,500.00		
Interest on Bonds	10,500.00	10,500.00	10,078.66		\$ 421.34
Interest on Notes	4,200.00	4,200.00	2,320.91		1,879.09
Green Trust Loan Program	102,400.00	102,400.00	102,140.70		259.30
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	1,300.00	1,300.00		1,300.00	
Social Security System (O.A.S.I.)	4,000.00	4,000.00	3,014.84	985.16	
Unemployment Compensation Insurance	364.00	364.00		364.00	
	<u>\$ 496,695.00</u>	<u>\$ 496,695.00</u>	<u>\$ 394,547.61</u>	<u>\$ 99,587.66</u>	<u>\$ 2,559.73</u>
	<u>Ref.</u>	<u>E-3</u>	<u>E-3</u>	<u>E/E-1</u>	
Analysis of Paid or Charged:					
Cash Disbursements	E-5		\$ 350,170.29		
Reserve for Encumbrances	E-12		20,178.46		
Accrued Interest on Payable	E-14		<u>24,198.86</u>		
	E-1/E-4		<u>\$ 394,547.61</u>		

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

PAYROLL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash	\$ <u>39,377.63</u>	\$ <u>36,982.58</u>
	\$ <u><u>39,377.63</u></u>	\$ <u><u>36,982.58</u></u>
<b>LIABILITIES</b>		
Due to Various Agencies	\$ 26,256.08	\$ 28,866.59
Miscellaneous	<u>13,121.55</u>	<u>8,115.99</u>
	\$ <u><u>39,377.63</u></u>	\$ <u><u>36,982.58</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
COUNTY OF OCEAN, NEW JERSEY

PUBLIC ASSISTANCE TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Cash	G-1	\$ <u>25,953.38</u>	\$ <u>24,470.35</u>
		\$ <u><u>25,953.38</u></u>	\$ <u><u>24,470.35</u></u>
<b>LIABILITIES AND RESERVES</b>			
Reserve for Public Assistance	G-2	\$ 10,594.46	\$ 10,594.46
Prepaid State Aid	G-3	<u>15,358.92</u>	<u>13,875.89</u>
		\$ <u><u>25,953.38</u></u>	\$ <u><u>24,470.35</u></u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK**  
**COUNTY OF OCEAN, NEW JERSEY**

GENERAL FIXED ASSET ACCOUNT GROUP  
 COMPARATIVE STATEMENT OF GENERAL FIXED ASSET ACCOUNT GROUP  
 REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
General Fixed Assets:			
Land	H-1	\$ 22,271,252.82	\$ 22,271,252.82
Riparian Grants - Land	H-1	121,992,200.00	121,992,200.00
Buildings	H-1	7,909,885.00	7,909,885.00
Machinery, Equipment and Vehicles	H-1	<u>6,044,594.00</u>	<u>2,987,760.31</u>
		<u>\$ 158,217,931.82</u>	<u>\$ 155,161,098.13</u>
Investments in General Fixed Assets	H-1	<u>\$ 158,217,931.82</u>	<u>\$ 155,161,098.13</u>

The accompanying notes are an integral part of this statement.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 REPORTING ENTITY**

This report includes the financial statements of the Borough of Seaside Park (the “Borough”), within the County of Ocean, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Borough Council. The financial statements of the Board of Education, the first aid organization and volunteer fire companies are reported separately since their activities are administered by separate boards.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of Funds

The Governmental Accounting Standards Board (“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 established certain fund types and account groups 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 of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial activities through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America:

Current Fund - resources and expenditures for governmental operations of a general nature.

Grant Fund - accounts for receipts and disbursements of Federal and State grants.

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

Assessment Trust Fund - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A. Description of Funds (continued)

Animal Control Trust Fund - animal license revenue and expenditures.

Length of Service Award Program Fund - receipt and disbursement of funds held in trust for program eligible volunteers.

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

Water-Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipality owned water - sewer utility. Bonds and notes payable of the utility fund is recorded in the utility capital funds.

Marina Utility Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipality owned marina utility.

Public Assistance Fund - receipts and disbursements of funds that provide assistance to certain residents of the Borough.

Payroll Fund - receipts and disbursements to account for the payroll and payroll tax liabilities of the Borough. Amounts are received from the Current, Water - Sewer Utility, and Marina Utility Funds.

General Fixed Asset Account Group - is used to account for fixed assets used in general government operations.

B. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

Budgets and Budgetary Accounting - the Borough of Seaside Park must adopt an annual budget in accordance with N.J.S.A. 40A:4-4 et al. N.J.S.A. 40A:4-5 which requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The Borough of Seaside Park is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

B. Basis of Accounting (continued)

Cash, Cash Equivalents and Investments (continued)

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

The Borough considers highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

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 revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Property taxes are payable quarterly on the first day of February, May, August and November.

Grant Revenues and Expenditures - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled 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.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

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

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

Deferred Charges - the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2016 is set forth in Note 8.

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

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Asset Group at its market value.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

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

Inventory of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The inventories have offsetting reserve amounts.

Fixed Assets - Utility - property and equipment purchased by the Utility Funds are recorded in the Utility Capital Funds at cost and is adjusted for dispositions and abandonments. The amount reported for reserve for amortization of fixed capital acquired on the balance sheet of the Utility Capital Funds represents the aggregate charges (capital outlay and debt service) to the operating budget for the costs of acquisitions of property and equipment and proceeds from grants-in-aid. The utilities do not record depreciation of property and equipment. GAAP does not require the establishment of a reserve for amortization of fixed capital, whereas it does require the recognition of depreciation of property and equipment by enterprise funds.

Reserve for Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

General Fixed Assets - property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the Directive.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting (continued)**

General Fixed Assets (continued)

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

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

No depreciation on general fixed assets is recorded in the financial statements.

Fixed assets acquired through grants-in-aid or contributed capital are not accounted for separately.

Comparative Data - comparative total data for the various funds for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations and Changes in Fund Balance in order to provide an understanding of changes in the Borough's financial position. However, Comparative Statements of Revenue and Statements of Expenditures have not been presented since this inclusion would make the statements unduly complex and difficult to read.

**C. Basic Financial Statements**

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

In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS**

Deposits

As of December 31, 2016, the Borough's deposits had a book balance of \$10,820,898.46.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding 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 the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). 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 withholding, bail funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2016, the Borough's bank balances of \$10,731,862.42 were exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ -
Insured	<u>10,731,862.42</u>
Total	\$ <u>10,731,862.42</u>

Investments

As of December 31, 2016, the Borough had the following investments:

	<u>Book Value</u>	<u>Fair Value</u>
LOSAP	\$343,558.47	\$343,558.47

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the Borough.

Credit Risk

State law limits investments as noted above.

The fair value of the above-listed investments was based on quoted market prices.

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

**NOTE 4 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

At December 31, 2016 the Borough of Seaside Park had authorized but not issued bonds and notes as follows:

General Capital Fund:	
Bonds and Notes	\$ 728,863.36
Water-Sewer Utility Capital Fund:	
Bonds and Notes	3,262,551.00
Marina Utility Capital Fund:	
Bonds and Notes	500.00

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT**

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

Bonds Payable

General Capital Fund Bonds Payable

In September, 2008, the Borough issued \$3,614,000.00 general obligation bonds for general improvements. The annual maturities range from \$249,313.00 to \$283,075.00 through 2023, interest rates ranging from 3.750% to 4.250% \$ 1,884,394.00

Total General Capital Fund Bonds Payable \$ 1,884,394.00

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for General Capital Fund Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 249,313.00	\$ 76,798.25	\$ 326,111.25
2018	250,870.00	67,449.00	318,319.00
2019	275,284.00	57,727.80	333,011.80
2020	275,284.00	46,441.16	321,725.16
2021	275,284.00	35,085.70	310,369.70
2022-2023	558,359.00	35,760.92	594,119.92
Total	<u>\$ 1,884,394.00</u>	<u>\$ 319,262.83</u>	<u>\$ 2,203,656.83</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Water-Sewer Utility Capital Fund Bonds Payable

In September, 2008, the Borough issued \$2,903,000.00 general obligation bonds for improvements to the Borough's Water-Sewer Utility. The annual maturities range from \$200,256.00 to \$227,496.00 through 2023, interest rates ranging from 3.750% to 4.250% \$ 1,513,724.00

Total Water-Sewer Utility Capital Fund Bonds Payable \$ 1,513,724.00

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Water-Sewer Utility Capital Fund Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 200,256.00	\$ 61,691.90	\$ 261,947.90
2018	201,508.00	54,182.30	255,690.30
2019	221,116.00	46,373.86	267,489.86
2020	221,116.00	37,308.10	258,424.10
2021	221,116.00	28,187.06	249,303.06
2022-2023	<u>448,612.00</u>	<u>28,734.60</u>	<u>477,346.60</u>
Total	<u>\$ 1,513,724.00</u>	<u>\$ 256,477.82</u>	<u>\$ 1,770,201.82</u>

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Marina Utility Capital Fund Bonds Payable

In September, 2008, the Borough issued \$441,000.00 general obligation bonds for improvements to the Borough's Marina Utility. The annual maturities range from \$30,431.00 to \$34,429.00 through 2023, interest rates ranging from 3.750% to 4.250%

\$ 229,882.00

Total Marina Utility Capital Fund Bonds Payable

\$ 229,882.00

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Marina Utility Capital Fund Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,431.00	\$ 9,368.60	\$ 39,799.60
2018	30,622.00	8,227.44	38,849.44
2019	33,600.00	7,040.84	40,640.84
2020	33,600.00	5,663.24	39,263.24
2021	33,600.00	4,277.24	37,877.24
2022-2023	<u>68,029.00</u>	<u>4,354.48</u>	<u>72,383.48</u>
Total	<u>\$ 229,882.00</u>	<u>\$ 38,931.84</u>	<u>\$ 268,813.84</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Loans Payable

General Capital Fund Loans Payable

On May 5, 1998, the Borough received a \$214,776.92 loan under the Green Trust Loan Program for the Fifth Avenue Pier. The loan is due in semi-annual installments ranging from \$6,546.18 to \$6,611.64 through 2017, interest rate 2.00%. \$ 13,157.82

On April 3, 1998, the Borough received a \$126,000.00 loan under the Green Trust Loan Program for the MultiWaterfront Parks. The loan is due in semi-annual installments ranging from \$3,802.33 to \$3,878.75 through 2018, interest rate 2.00%. 11,521.43

On April 16, 1998, the Borough received a \$150,000.00 loan under the Green Trust Loan Program for the Levine Park/Ballfields. The loan is due in semi-annual installments ranging from \$4,526.58 to \$4,617.56 through 2018, interest rate 2.00%. 13,715.99

On August 14, 2004, the Borough received a \$330,000.00 loan under the Green Trust Loan Program for the Bayview Avenue Walkway. The loan is due in semi-annual installments ranging from \$9,015.28 to \$10,158.64 through 2023, interest rate 2.00%. 124,494.92

On September 10, 2004, the Borough received a \$430,970.13 loan under the Green Trust Loan Program for the Oceanfront Boardwalk. The Borough received the final repayment schedule in May, 2008. The loan is due in semi-annual installments ranging from \$14,527.76 to \$16,533.94 through 2023, interest rate 2.00%. 217,152.47

On June 27, 2006, the Borough received a \$69,029.87 loan under the Green Trust Loan Program for Bayview Avenue Development. The loan is due in semi-annual installments ranging from \$1,776.54 to \$2,125.00 through 2026, interest rate 2.00%. 36,971.30

Total General Capital Fund Loans Payable \$ 417,013.93

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Loans Payable (continued)

General Capital Fund Loans Payable (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for General Capital Fund Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 80,791.27	\$ 7,938.33	\$ 88,729.60
2018	60,411.57	6,381.23	66,792.80
2019	52,958.77	5,252.75	58,211.52
2020	54,023.23	4,188.29	58,211.52
2021	55,109.11	3,102.41	58,211.52
2022-2026	<u>113,719.98</u>	<u>3,174.08</u>	<u>116,894.06</u>
Total	<u>\$ 417,013.93</u>	<u>\$ 30,037.09</u>	<u>\$ 447,051.02</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 5    LONG-TERM DEBT (continued)**

Loans Payable (continued)

Water-Sewer Utility Capital Fund Loans Payable

On November 8, 2007, the Borough entered into loan agreements funded by the New Jersey Infrastructure Trust in the amount of \$7,956,964.00 for water-sewer system improvements. \$4,095,000.00 was funded by a trust loan with interest rates ranging from 4.25% to 5.00%. The remaining \$3,861,964.00 was funded by a fund loan with 0.00% interest. The loans are due in annual installments ranging from \$375,872.04 to \$466,322.96 through 2027.

\$    4,575,295.06

On May 3, 2012, the Borough entered into loan agreements funded by the New Jersey Infrastructure Trust in the amount of \$3,346,296.00 for water-sewer system improvements. \$1,600,000.00 was funded by a trust loan with interest rates ranging from 3.00% to 5.00%. The remaining \$1,746,000.00 was funded by a fund loan with 0.00% interest. The loans are due in annual installments ranging from \$153,794.69 to \$208,795.12 through 2031.

2,701,920.78

On June 10, 2015, the Borough entered into a loan agreement funded by the United States Department of Agriculture in the amount of \$1,653,700.00 for water system improvements. This was funded from USDA/Rural Development Program with an interest rate of 2.750%. The loan is due in semi-annual installments ranging from \$11,957.62 to \$33,301.18 through 2055.

1,618,791.51

On June 10, 2015, the Borough entered into a loan agreement funded by the United States Department of Agriculture in the amount of \$975,000.00 for sewer system improvements. This was funded from USDA/Rural Development Program with an interest rate of 2.750%. The loan is due in semi-annual installments ranging from \$7,049.73 to \$19,633.07 through 2055.

954,419.35

Total Water-Sewer Utility Capital Fund Loans Payable

\$    9,850,426.70

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Loans Payable (continued)

Water-Sewer Utility Capital Fund Loans Payable (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Water-Sewer Capital Fund Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 570,806.64	\$ 249,569.45	\$ 820,376.09
2018	579,866.47	236,659.63	816,526.10
2019	593,638.05	223,320.45	816,958.50
2020	604,344.63	209,301.11	813,645.74
2021	621,130.10	194,650.79	815,780.89
2022-2026	3,361,734.70	725,652.90	4,087,387.60
2027-2031	1,645,650.12	346,418.30	1,992,068.42
2032-2036	304,698.67	239,191.33	543,890.00
2037-2041	349,284.41	194,605.59	543,890.00
2042-2046	400,394.29	143,495.71	543,890.00
2047-2051	458,982.94	84,907.06	543,890.00
2052-2055	359,895.68	20,032.33	379,928.01
Total	<u>\$ 9,850,426.70</u>	<u>\$ 2,867,804.65</u>	<u>\$ 12,718,231.35</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Loans Payable (continued)

Marina Capital Loan Payable

On March 3, 2003, the Borough received a \$1,610,525.82 loan under the Green Trust Loan Program for the acquisition of a marina. The loan is due in annual installments ranging from \$50,646.25 to \$99,793.11 through 2022, interest rate 2.00%.

\$ 530,332.27

Total Marina Capital Loan Payable

\$ 530,332.27

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for Marina Utility Capital Fund Loans Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 92,157.27	\$ 10,148.15	\$ 102,305.42
2018	94,009.62	8,295.80	102,305.42
2019	95,899.22	6,406.20	102,305.42
2020	97,826.80	4,478.62	102,305.42
2021	99,793.11	2,512.31	102,305.42
2022	<u>50,646.25</u>	<u>506.46</u>	<u>51,152.71</u>
Total	<u>\$ 530,332.27</u>	<u>\$ 32,347.54</u>	<u>\$ 562,679.81</u>

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT (continued)**

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2016 are summarized as follows:

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
<u>General Capital Fund</u>				
Bonds Payable	\$ 2,133,707.00	\$ -	\$ 249,313.00	\$ 1,884,394.00
Loans Payable	496,213.28	-	79,199.35	417,013.93
	<u>2,629,920.28</u>	<u>-</u>	<u>328,512.35</u>	<u>2,301,407.93</u>
<u>Water/Sewer Utility Capital Fund</u>				
Bonds Payable	\$ 1,713,980.00	\$ -	\$ 200,256.00	\$ 1,513,724.00
Loans Payable	10,437,884.45	-	587,457.75	9,850,426.70
	<u>12,151,864.45</u>	<u>-</u>	<u>787,713.75</u>	<u>11,364,150.70</u>
<u>Marina Utility Capital Fund</u>				
Bonds Payable	\$ 260,313.00	\$ -	\$ 30,431.00	\$ 229,882.00
Loans Payable	620,673.68	-	90,341.41	530,332.27
	<u>880,986.68</u>	<u>-</u>	<u>120,772.41</u>	<u>760,214.27</u>
Total	<u>\$ 15,662,771.41</u>	<u>\$ -</u>	<u>\$ 1,236,998.51</u>	<u>\$ 14,425,772.90</u>

Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.50% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2016 was .579%. The Borough's remaining borrowing power is 2.921%.

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 6 SHORT TERM DEBT**

Bond Anticipation Notes

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuing of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note.

On December 31, 2016, the Borough's outstanding bond anticipation notes were as follows:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
<u>General Capital Fund</u>				
Acquisition of Real Property Renovations to Bathhouse, Concession Building and Parking Lot	12-08-16	12-07-17	\$ 392,500.00	2.00%
Various Capital Improvements and Various Equipment Acquisitions	12-08-16	12-07-17	41,381.00	2.00%
Various Capital Improvements and the Acquisition of Capital Equipment	12-08-16	12-07-17	641,009.00	2.00%
Various Capital Improvements and the Acquisition of Capital Equipment	12-08-16	12-07-17	407,554.00	2.00%
Various Capital Improvements and the Acquisition of Capital Equipment	12-08-16	12-07-17	24,476.00	2.00%
Acquisition of Capital Equipment	5-27-16	5-26-17	1,400,000.00	1.14%
Acquisition of Vehicles and Equipment	12-08-16	12-07-17	149,679.00	2.00%
Various Capital Improvements and the Acquisition of Capital Equipment	12-08-16	12-07-17	760,095.00	2.00%
			<u>\$ 3,816,694.00</u>	

**BOROUGH OF SEASIDE PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 6    SHORT TERM DEBT (continued)**

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
<u>Water/Sewer Utility Capital Fund</u>				
Various Water and Sewer Infrastructure Improvements	12-08-16	12-07-17	<u>\$ 708,414.00</u>	2.00%
<u>Marina Utility Capital Fund</u>				
Various Marina Utility Improvements	12-08-16	12-07-17	\$ 228,000.00	2.00%
Various Marina Utility Improvements	05-27-16	05-26-17	<u>45,000.00</u>	1.14%
			<u>\$ 273,000.00</u>	

Changes in Bond Anticipation Notes

Transactions for the year ended December 31, 2016 are summarized as follows:

	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2016</u>
General Capital Fund	\$ 4,423,799.00		\$ 607,105.00	\$ 3,816,694.00
Water/Sewer Utility Capital Fund	861,414.00	-	153,000.00	708,414.00
Marina Utility Capital Fund	372,500.00	-	99,500.00	273,000.00
Total	<u>\$ 5,657,713.00</u>	<u>\$ -</u>	<u>\$ 859,605.00</u>	<u>\$ 4,798,108.00</u>

Special Emergency Notes

The Borough issues special emergency notes to fund special emergency appropriations. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid within three to five years depending on the type of special emergency.

On December 31, 2016, the Borough had no outstanding special emergency notes.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 7 DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Borough had no deferred charges.

**NOTE 9 TAXES COLLECTED IN ADVANCE**

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

	Balance December 31,	
	2016	2015
Prepaid Taxes	\$ 268,396.74	\$ 215,077.91

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 10 ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1<sup>st</sup> in each year and filed with the County Board of Taxation ("Board") by January 10<sup>th</sup> of the following year. Upon the filing of certified adopted budgets by the Borough, Regional High School District, Local School District, and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20<sup>th</sup>, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector ("Collector") on or before June 3<sup>rd</sup>.

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

**NOTE 11 LOCAL DISTRICT SCHOOL AND REGIONAL HIGH SCHOOL TAXES**

Local District School and Regional High School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% (fifty percent) of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end taxes due consisted of the following:

	Local District School Tax Balance December 31,		Regional High School Tax Balance December 31,	
	2016	2015	2016	2015
Balance of Tax	\$ 192,827.00	\$ 197,760.00	\$ 1,534,043.17	\$ 1,858,337.16
Deferred	-	-	910,523.00	910,523.00
Taxes Payable	<u>\$ 192,827.00</u>	<u>\$ 197,760.00</u>	<u>\$ 623,520.17</u>	<u>\$ 947,814.16</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 12 FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2016, which are appropriated and included as anticipated revenue in the 2017 municipal budgets as adopted for the year ended December 31, 2017 were as follows:

Current Fund	\$ 1,870,163.00
Water/Sewer Utility Operating Fund	632,450.00
Marina Utility Operating Fund	97,411.00

**NOTE 13 PENSIONS AND RETIREMENT PLANS**

Plan Description

The Borough of Seaside Park 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 in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying plan members and beneficiaries. The Public Employees' Retirement System was established January 1, 1955 under the provisions of N.J.S.A. 43:15A. The Police and Firemen's Retirement System was established July 1, 1944 under the provisions of N.J.S.A. 43:16A. The Public Employees' Retirement System and the Police and Firemen's Retirement System issue publicly available financial reports that include financial statements and required supplementary information which can be found at [www.state.nj.us/treasury/pensions/annrpts/shtml](http://www.state.nj.us/treasury/pensions/annrpts/shtml).

PERS Benefits

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

The following represents the membership tiers for PERS:

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

PERS Benefits (continued)

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

PFRS Benefits

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

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving 10 years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

PFRS Benefits (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all active members and contributing employers. Members contribute at a uniform rate. Employee contributions are currently 7.20% of their base wages. Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for PERS members increased effective July, 2016 from 7.06% to 7.20%. The contribution rate will increase by 0.14% each year on July 1 until July 1, 2017 and increase 0.16% on July 1, 2018 when the rate will be 7.50%.

The contribution policy for PFRS is set by N.J.S.A.43:16A and requires contributions by all active members and contributing employers. Members contribute at a uniform rate of 10% of base salary.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

Contributions (continued)

entities total proportionate share of the collective net pension liability that is associated with the local participating employer.

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

As described in Note 2, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America to comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The regulatory basis of accounting followed by the Borough does not accrue pension liabilities. Had the Borough prepared the financial statements utilizing accounting principles generally accepted in the United States of America, a pension liability would have been reported as follows for its proportionate share of the net pension liability:

	December 31, <u>2016</u>	December 31, <u>2015</u>
PERS –Valuation June 30, 2016 and 2015	\$ 6,262,204	\$ 4,708,813
PFRS – Valuation June 30, 2016 and 2015	<u>8,134,361</u>	<u>7,062,695</u>
Total Pension Liability	\$ <u>14,396,565</u>	\$ <u>11,771,508</u>

In addition to the Borough's liability related to PFRS the State of New Jersey's proportionate share of the net pension liability associated with the Borough was \$683,085 and \$619,375 for the year ended December 31, 2016 and December 31, 2015, respectively.

The net pension liability was measured as of June 30, 2016 and June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and July 1, 2014, respectively. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement dates of June 30, 2016 and June 30, 2015.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2016 and June 30, 2015, the Borough's proportion of the net pension liability was as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase/ (Decrease)</u>
PERS	.0211438564%	.0209765417%	.0001673147%
PFRS	.0425825726%	.0424019982%	.0001805744%

For the years ended December 31, 2016, 2015 and 2014 the Borough recognized pension expense on the regulatory basis of accounting as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
PERS - Normal Contribution	\$ 180,342	\$ 171,114	\$ 157,427
PFRS - Normal Contribution	344,665	314,757	290,908
Back Contribution	<u>-</u>	<u>14,447</u>	<u>-</u>
Total Pension Expense	<u>\$ 525,007</u>	<u>\$ 500,318</u>	<u>\$ 448,335</u>

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$607,176 and \$933,158 for PERS and PFRS respectively.

Utilizing the Regulatory Basis of Accounting, the Borough does not record deferred inflows and outflows of resources. Had the Borough's financial statements been prepared in accordance with accounting principles generally accepted in the United State of America, the Borough would report deferred inflows and outflows of resources at December 31, 2016 based upon the June 30, 2016 State of New Jersey Schedule of Employer Allocations and Schedule of Pension Amounts by Employer audit reports for PERS and PFRS. The following deferred inflows and outflows of resources are based upon the State of New Jersey Schedule of Employer Allocations and Schedule of Pension Amounts by Employer audit reports for the year ended June 30, 2016 that would have been reported as of December 31, 2016.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2016, the State reported deferred inflows of resources and deferred outflows of resources related to PERS from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between Expected and Actual Experience		\$ 116,458
Changes in Assumptions		1,297,194
Net Difference between Projected and Actual Earnings on Pension Plan Investments		238,784
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>\$ 13,963</u>	<u>54,809</u>
	<u>\$ 13,963</u>	<u>\$ 1,707,245</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2016, the State reported deferred inflows of resources and deferred outflows of resources related to PFRS from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between Expected and Actual Experience	\$ 53,322	
Changes in Assumptions		\$ 1,126,676
Net Difference between Projected and Actual Earnings on Pension Plan Investments		569,958
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>                    </u>	<u>217,891</u>
	<u>\$ 53,322</u>	<u>\$ 1,914,525</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The above amounts will not affect the Borough financial statements because the Borough reports on the regulatory basis of accounting but if the Borough were to report in accordance with accounting principles generally accepted in the United States of America, the following amounts would be amortized to pension expense in the current and future periods based upon State of New Jersey audit reports:

	<u>PERS</u>	<u>PFRS</u>
2017	\$ 457,406	\$ 381,494
2018	457,406	381,494
2019	588,917	439,393
2020	341,202	371,768
2021	<u>16,272</u>	<u>119,133</u>
Total	<u>\$ 1,861,203</u>	<u>\$ 1,693,282</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Actuarial assumptions**

PERS

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation Rate	3.08%	3.04%
Salary increases (based on age):		
2012-2021	-	2.15 - 4.40%
Through 2026	1.65 - 4.15%	-
Thereafter	2.65 - 5.15%	3.15 - 5.40%
Investment rate of return	7.65%	7.90%

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Actuarial assumptions (continued)**

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

**PFRS**

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation Rate	3.08%	3.04%
Salary increases (based on age):		
2012-2021	-	2.60 - 9.40%
Through 2026	2.10 - 8.98%	-
Thereafter	3.10 - 9.98%	3.60 - 10.48%
Investment rate of return	7.65%	7.90%

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Actuarial assumptions (continued)**

PFRS (continued)

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

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

**Long-term expected rate of return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 both the PERS's and PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Long-term expected rate of return (continued)**

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

**Discount rate**

PERS

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and June 30, 2015, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PFRS

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and June 30, 2015, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and June 30, 2015, 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 members' contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 PENSION PLANS (continued)**

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

**PERS**

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 3.98 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98 percent) or 1 percentage point higher (4.98 percent) than the current rate.

	1% Decrease <u>(2.98%)</u>	Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
Borough's proportionate share of the net pension liability	\$7,673,600	\$6,262,204	\$5,096,974

**PFRS**

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 5.55 percent, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.55 percent) or 1 percentage point higher (6.55 percent) than the current rate.

	1% Decrease <u>(4.55%)</u>	Discount Rate <u>(5.55%)</u>	1% Increase <u>(6.55%)</u>
Borough's proportionate share of the net pension liability	\$10,488,662	\$8,134,361	\$6,214,570

**Pension Plan Fiduciary Net Position**

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 14 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”)**

**A. Plan Description**

In addition to the pension benefits described in Note 13, the Borough contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The Borough provides post-employment health care benefits to police officers and their spouses upon retirement after twenty-five years of service to the Borough of Seaside Park and remains in effect until the employee becomes Medicare eligible. The plan can be amended by the Borough subject to applicable collective bargaining and employment agreements.

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 the financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website.

**B. Funding Policy**

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

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough currently contributes on a pay-as-you-go basis based upon monthly invoices from the State of New Jersey Division of Pensions. Employees are not required to contribute. Contributions to the plan for the last three years and the number of former employees eligible for and participating in the post-employment health care benefits program as of the respective year ended December 31 was as follows:

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 14 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”) (continued)**

**B. Funding Policy (continued)**

<u>Year</u>	<u>Contribution</u>	<u>Number of Employees</u>
2016	\$73,022.20	4
2015	43,515.68	5
2014	30,985.44	4

All contributions were equal to the required contributions for each of the three years respectively.

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) - UNAUDITED**

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

Annual Contributions - The annual contribution to be made by the Borough for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Borough’s LOSAP shall be included as a separate line item in the Borough’s budget, commencing with the year 2005.

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

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

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 15 LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") – UNAUDITED (continued)**

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

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

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

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

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

**NOTE 16 DEFERRED COMPENSATION PLAN**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not ordinarily available to employees until termination, death or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with the amounts, and all income attributable to these amounts are for the exclusive benefit of the Plan participants and their beneficiaries and the assets cannot be diverted to any other purpose. The Borough serves as trustee under the Plan. The Borough has engaged a private contractor to administer the plan.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 17 INTERFUND BALANCES**

The composition of interfund balances as of December 31, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Fund	Grant Fund	\$ 159,075.38
Current Fund	Marina Operating Fund	751.91
General Capital Fund	Current Fund	64,883.48
Water/Sewer Operating Fund	Marina Operating Fund	7,965.31
Water/Sewer Capital Fund	Water/Sewer Operating Fund	243,090.00
Marina Capital Fund	Marina Operating Fund	98,775.07
		<u>\$ 574,541.15</u>

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 18 FIXED ASSETS AND FIXED CAPITAL**

Fixed asset and fixed capital activity for the year ended December 31, 2016 was as follows:

Fixed Assets

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
Land	\$ 22,271,252.82	\$ -	\$ -	\$ 22,271,252.82
Riparian Grants -				
Land	121,992,200.00	-	-	121,992,200.00
Buildings	7,909,885.00	-	-	7,909,885.00
Machinery, Equipment and				
Vehicles	2,987,760.31	3,056,833.69	-	6,044,594.00
Fixed Assets	<u>\$ 155,161,098.13</u>	<u>\$ 3,056,833.69</u>	<u>\$ -</u>	<u>\$ 158,217,931.82</u>

Fixed Capital -

    Water/Sewer Utilitiy

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
Water/Sewer System	<u>\$ 7,788,297.01</u>	<u>\$ 346,501.33</u>	<u>\$ -</u>	<u>\$ 8,134,798.34</u>

Fixed Capital - Marina Utility

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
Marina	<u>\$ 2,355,994.96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,994.96</u>

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 19 RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Borough is a member of the Ocean County Municipal Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program. There were no settlements in excess of insurance coverage in 2016, 2015 and 2014.

**NOTE 20 CONTINGENT LIABILITIES**

A. Accrued Vacation and Sick Pay (Unaudited)

As discussed in Note 2 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. Any balance remaining upon retirement is forfeited with limited exception. The total amount of the liability, based upon the above data and limitations, is approximately \$723,000 at December 31, 2016. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

B. 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 provide 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, 2016 was \$27,621.30.

C. Litigation

The Borough is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Borough Officials, based upon the opinion of the Borough Counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect 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 payment of its bonds or other obligations.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 20 CONTINGENT LIABILITIES (continued)**

**D. Federal and State Grants**

The Borough receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of December 31, 2016, the Borough estimates that no material liabilities will result from such audits.

**E. Community Disaster Loan**

During the year ending December 31, 2013 the Borough realized \$1,883,637.32 as revenue from Community Disaster Loans received from the United States Government Department of Homeland Security, Federal Emergency Management Agency. \$1,567,637.32, \$230,000.00 and \$86,000.00 were realized as revenue in the Current Fund, Water-Sewer Utility Operating Fund and the Marina Utility Operating Fund, respectively. During the year ending December 31, 2014 the Borough realized an additional \$670,596.68 as revenue in the Current fund.

The Community Disaster Loan Program is a program administered by the United States Department of Homeland Security, Federal Emergency Management Agency. Loans are made to local governments in designated major disaster areas. As a result of Hurricane Sandy in October, 2012 the Borough was designated as a major disaster area.

In accordance with directives from the State of New Jersey these loans were realized as revenue during the years ended December 31, 2014 and 2013.

In accordance with federal guidelines the loan will be forgiven if certain revenue criteria are met in future years. If the criteria are not met the loan will have to be established on the respective balance sheets of the Borough.

Municipalities in the State of New Jersey report under the regulations promulgated by the State of New Jersey. As of the date of this report there has been no determination as to how the loans will be established on the various balance sheets. They may be established as a reduction of fund balance or another method may be utilized such as establishing a deferred charge with an offsetting loan payable.

**BOROUGH OF SEASIDE PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**NOTE 21   SUBSEQUENT EVENTS**

One February 23<sup>rd</sup>, 2017, the Borough adopted ordinance #1720 providing for the reconstruction of street end bulkheads at Lake Avenue, N Street and 14<sup>th</sup> Avenue. The ordinance authorizes \$475,000 in debt.

The Borough has evaluated subsequent events occurring after December 31, 2016 through the date of May 31, 2017, which is the date the financial statements were available to be issued.

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Seaside Park, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$4,990,000 General Obligation Bonds, Series 2017, consisting of \$3,361,000 General Improvement Bonds, Series 2017A, \$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and \$199,000 Marina Improvement Bonds, Series 2017C (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 November 9, 2017 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on November 15<sup>th</sup> in the years 2018 through 2027, 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, 2018 for the Annual Report for the fiscal year ending December 31, 2017, 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](http://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 PARK, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

By \_\_\_\_\_  
**SANDRA RICE,**  
**Chief Financial Officer**

**Dated: December 6, 2017**

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Borough of Seaside Park, County of Ocean, New Jersey  
Name of Bond Issue: \$4,990,000 General Obligation Bonds, Series 2017, consisting of  
\$3,361,000 General Improvement Bonds, Series 2017A,  
\$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and  
\$199,000 Marina Improvement Bonds, Series 2017C  
Dated Date: December 6, 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 December 6, 2017 and executed by the Borough. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date:\_\_\_\_\_

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

**By:\_\_\_\_\_**  
**Name:**  
**Title:**

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**APPENDIX D**

**FORM OF BOND COUNSEL'S OPINION**

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—LAW OFFICES—

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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.*

December 6, 2017

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

**RE: Borough of Seaside Park, County of Ocean, New Jersey  
\$4,990,000 General Obligation Bonds, Series 2017**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$4,990,000 General Obligation Bonds, Series 2017, consisting of \$3,361,000 General Improvement Bonds, Series 2017A, \$1,430,000 Water/Sewer Improvement Bonds, Series 2017B, and \$199,000 Marina Improvement Bonds, Series 2017C (collectively, the “Bonds”), of the Borough of Seaside Park, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Borough”). The Bonds are dated December 6, 2017 and mature on November 15th in each year in the principal amounts set forth in the table below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on May 15th and November 15th of each year, commencing on May 15, 2018, until maturity.

Maturity (November 15 <sup>th</sup> )	General Improvement Bonds, Series 2017A <u>Principal Amount</u>	Water/Sewer Improvement Bonds, Series 2017B <u>Principal Amount</u>	Marina Improvement Bonds, Series 2017C <u>Principal Amount</u>	Combined <u>Maturity</u>	Interest <u>Rate</u>
2018	\$310,000	\$125,000	\$20,000	\$455,000	3.000%
2019	311,000	110,000	19,000	440,000	3.000
2020	315,000	125,000	20,000	460,000	3.000
2021	325,000	135,000	20,000	480,000	3.000
2022	330,000	140,000	20,000	490,000	3.000
2023	335,000	155,000	20,000	510,000	3.000
2024	345,000	160,000	20,000	525,000	3.000
2025	355,000	160,000	20,000	535,000	3.000
2026	\$360,000	\$160,000	\$20,000	\$540,000	3.000%
2027	375,000	160,000	20,000	555,000	3.000

December 6, 2017

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The Bonds are not 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 November 9, 2017 (the “Bond Resolution”), and by virtue of various Bond Ordinances finally adopted by the Borough as identified in the Bond Resolution (collectively, the “Bond Ordinances”). The Bonds are being issued to: (i) currently refund and permanently finance a portion of bond anticipation notes of the Borough previously issued in the aggregate principal amount of \$3,353,108, dated December 8, 2016 and maturing on December 7, 2017; (ii) currently refund and permanently finance bond anticipation notes of the Borough previously issued in the aggregate principal amount of \$1,200,000, dated May 25, 2017 and maturing on December 7, 2017; (iii) permanently finance the cost of various general capital and Water/Sewer Utility improvements in and by the Borough; and (iv) pay costs of issuance and delivery of the Bonds.

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

December 6, 2017

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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. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations by the Internal Revenue Code of 1986, as amended (the "Code"). Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of the corporate holder. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

4. The Borough has taken the actions necessary for the Bonds to be designated and/or deemed designated as "qualified tax-exempt obligations," as defined in and for purposes of Section 265(b)(3) of the Code. Assuming the accuracy of the representations of the Issuer relating to such designation/deemed designation, we are of the opinion that such designation/deemed designation is valid with respect to the Bonds for the purposes of such Section.

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

December 6, 2017

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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,