

*Report of Audit*

*on the*

*Financial Statements  
and Supplementary Schedules*

*of the*

*Borough of Ship Bottom*

*in the*

*County of Ocean  
New Jersey*

*for the*

*Year Ended  
December 31, 2017*



BOROUGH OF SHIP BOTTOM

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BOROUGH OF SHIP BOTTOM

PART I

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ship Bottom  
County of Ocean  
Ship Bottom, New Jersey 08008

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

## SUPLEE, CLOONEY & COMPANY

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

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Ship Bottom on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

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

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

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account groups as of December 31, 2017 and 2016, the regulatory basis statements of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and regulatory basis statements of expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

# SUPLEE, CLOONEY & COMPANY

## **Other Matters**

### *Other Information*

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

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents are fairly stated, in all material respects, in relation to the regulatory basis 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 June 29, 2018 on our consideration of the Borough of Ship Bottom's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ship Bottom's internal control over financial reporting and compliance.

  
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CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 29, 2018



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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Ship Bottom  
County of Ocean  
Ship Bottom, New Jersey 08008

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account groups of the Borough of Ship Bottom, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 29, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Ship Bottom prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

# SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Ship Bottom'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*. However, we noted one instance of noncompliance which is discussed in Part II, General Comments 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 Borough of Ship Bottom's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ship Bottom's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 29, 2018

CURRENT FUND

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|--|-------------|--|--|
| <u>ASSETS</u>  |             |  |  |
| Current Fund:  |             |  |  |
| Cash and Cash Equivalents                            | A-4         | \$ 5,669,862.70                          | \$ 3,762,043.40                          |
| Change Fund  | A-5         | 420.00                                   | 425.00                                   |
| Petty Cash Fund                                      | A-6         | 250.00                                   | 250.00                                   |
| Investment in Bond Anticipation Notes                | A-7         | 979,443.86                               | 1,303,985.07                             |
|  |             | <u>6,649,976.56</u>                      | <u>5,066,703.47</u>                      |
| Receivables with Full Reserves:                      |             |  |  |
| Taxes Receivable                                     | A-8         | 186,828.25                               | 250,198.94                               |
| 6% YEP Receivable                                    | A-9         | 1,450.11                                 | 2,393.26                                 |
| Property Acquired for Taxes at Assessed<br>Valuation | A-10        | 82,610.00                                | 82,610.00                                |
| Revenue Accounts Receivable                          | A-11        | 4,203.60                                 | 5,516.18                                 |
| Prepaid Local District School Tax                    | A-17        | 92,722.25                                | 250,938.37                               |
| Interfunds Receivable                                | A-20        | 457,632.71                               | 211,155.46                               |
|  |             | <u>825,446.92</u>                        | <u>802,812.21</u>                        |
|  |             | <u>7,475,423.48</u>                      | <u>5,869,515.68</u>                      |
| Federal and State Grant Fund:                        |             |  |  |
| Interfunds Receivable                                | A-24        | 66,811.93                                | 67,962.61                                |
| Grants Receivable                                    | A-25        | 50,000.00                                | 50,425.00                                |
|  |             | <u>116,811.93</u>                        | <u>118,387.61</u>                        |
|  |             | <u>\$ 7,592,235.41</u>                   | <u>\$ 5,987,903.29</u>                   |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|--|-------------|--|--|
| <b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b> |             |  |  |
| <b>Current Fund:</b>                                 |             |  |  |
| Appropriation Reserves                               | A-3:A-19    | \$ 1,054,090.94                          | \$ 1,276,597.12                          |
| Third Party Liens                                    | A-12        |  | 1.13                                     |
| Due to State of New Jersey (Ch. 20, P.L. 1971)       | A-13        | 4,437.68                                 | 3,541.68                                 |
| Tax Overpayments                                     | A-14        | 33,602.77                                | 28,985.54                                |
| Prepaid Taxes  | A-15        | 1,211,273.41                             | 294,715.07                               |
| Due County - Added and Omitted Taxes                 | A-16        | 57,238.46                                |  |
| Regional School District Taxes Payable               | A-18        | 333,498.72                               | 615,767.12                               |
| Interfunds Payable                                   | A-20:A-24   | 252,152.41                               | 202,394.05                               |
| Accounts Payable                                     | A-21        | 345.14                                   |  |
| Reserve for:   |             |  |  |
| Encumbrances   | A-22        | 42,496.86                                | 20,260.42                                |
| Miscellaneous Reserves                               | A-23        |  | 26,601.79                                |
|  |             | <u>2,989,136.39</u>                      | <u>2,468,863.92</u>                      |
| Reserve for Receivables                              |             | 825,446.92                               | 802,812.21                               |
| Fund Balance   | A-1         | <u>3,660,840.17</u>                      | <u>2,597,839.55</u>                      |
|  |             | <u>7,475,423.48</u>                      | <u>5,869,515.68</u>                      |
| <b>Federal and State Grant Fund:</b>                 |             |  |  |
| Reserve for Encumbrances                             | A-22        | 6,246.00                                 |  |
| Grants - Appropriated                                | A-26        | 95,212.16                                | 93,928.69                                |
| Grants - Unappropriated                              | A-27        | 15,353.77                                | 24,458.92                                |
|  |             | <u>116,811.93</u>                        | <u>118,387.61</u>                        |
|  |             | <u>\$ 7,592,235.41</u>                   | <u>\$ 5,987,903.29</u>                   |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

|   | <u>REF.</u> | <u>YEAR ENDED</u><br><u>2017</u> | <u>YEAR ENDED</u><br><u>2016</u> |
|---|-------------|----------------------------------|----------------------------------|
| <u>REVENUE AND OTHER INCOME</u>               |             |                                  |                                  |
| Fund Balance Utilized                         | A-2         | \$ 1,202,823.00                  | \$ 1,125,000.00                  |
| Miscellaneous Revenue Anticipated             | A-2         | 1,516,304.27                     | 1,663,246.39                     |
| Receipts from Delinquent Taxes                | A-2         | 252,477.82                       | 316,062.01                       |
| Receipts from Current Taxes                   | A-2         | 12,937,327.20                    | 12,456,020.73                    |
| Non-Budget Revenues                           | A-2         | 687,221.97                       | 135,940.60                       |
| Other Credits to Income:                      |             |                                  |                                  |
| Unexpended Balance of Appropriation Reserves  | A-19        | 1,113,666.13                     | 772,430.58                       |
| Prior Year Reserve for Prepaid Local District |             |                                  |                                  |
| School Tax Canceled                           | A-20        | 158,216.12                       |                                  |
| Canceled Accounts Payable                     |             |                                  | 16,826.20                        |
| Miscellaneous Reserves Canceled               | A-23        | 26,601.79                        |                                  |
| Canceled Grant Appropriated Reserves          | A-24        | 22,132.67                        | 18,475.00                        |
| <u>Total Income</u>                           |             | <u>17,916,770.97</u>             | <u>16,504,001.51</u>             |
| <u>EXPENDITURES</u>                           |             |                                  |                                  |
| Budget Appropriations:                        |             |                                  |                                  |
| Salaries and Wages                            |             | 2,789,000.00                     | 2,622,500.00                     |
| Other Expenses                                |             | 2,882,687.73                     | 3,027,562.54                     |
| Capital Improvements                          |             | 150,000.00                       | 100,000.00                       |
| Municipal Debt Service                        |             | 407,607.02                       | 511,810.87                       |
| Deferred Charges and Statutory Expenditures   |             | 584,859.00                       | 588,958.00                       |
|   | A-3         | <u>6,814,153.75</u>              | <u>6,850,831.41</u>              |
| Refund of Prior Year Revenue                  | A-4         | 398.79                           | 9,227.92                         |
| County Taxes                                  | A-16        | 5,228,460.10                     | 5,086,682.21                     |
| Added Taxes Due County                        | A-16        | 57,238.46                        | 45,481.87                        |
| Local District School Taxes                   | A-17        | 583,415.00                       | 537,580.00                       |
| Regional School District Taxes                | A-18        | 2,719,129.00                     | 2,481,767.00                     |
| Canceled Grant Receivables                    | A-24        | 425.00                           | 4,050.00                         |
| Senior Citizen/Veteran Deductions -           |             |                                  |                                  |
| Reimbursement Due To Taxation Audit           | A-13        | 1,250.00                         | 250.00                           |
| Reserve for Prepaid Local District School Tax | A-17        |                                  | 229,981.50                       |
| Interfund Advances                            | A-20:A-24   | 246,477.25                       | 15,028.36                        |
| <u>Total Expenditures</u>                     |             | <u>\$ 15,650,947.35</u>          | <u>\$ 15,260,880.27</u>          |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS

|                                 | <u>REF.</u> | <u>YEAR ENDED</u><br><u>2017</u> | <u>YEAR ENDED</u><br><u>2016</u> |
|---------------------------------|-------------|----------------------------------|----------------------------------|
| <u>EXPENDITURES (CONTINUED)</u> |             |                                  |                                  |
| Excess/(Deficit) in Revenue     |             | \$ 2,265,823.62                  | \$ 1,243,121.24                  |
| Fund Balance January 1          | A           | <u>2,597,839.55</u>              | <u>2,479,718.31</u>              |
|                                 |             | 4,863,663.17                     | 3,722,839.55                     |
| Decreased by:                   |             |                                  |                                  |
| Utilized as Anticipated Revenue | A-1         | <u>1,202,823.00</u>              | <u>1,125,000.00</u>              |
| Fund Balance December 31        | A           | \$ <u><u>3,660,840.17</u></u>    | \$ <u><u>2,597,839.55</u></u>    |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                                       | REF. | ANTICIPATED     |                              | EXCESS OR<br>(DEFICIT) |
|---------------------------------------|------|-----------------|------------------------------|------------------------|
|                                       |      | BUDGET          | SPECIAL N.J.S.A.<br>40A:4-87 |                        |
| Fund Balance Anticipated              | A-1  | \$ 1,202,823.00 | \$                           | \$ 1,202,823.00        |
| Miscellaneous Revenues:               |      |                 |                              |                        |
| Licenses:                             |      |                 |                              |                        |
| Alcoholic Beverages                   | A-11 | 12,000.00       |                              | 13,056.30              |
| Other                                 | A-11 | 20,000.00       |                              | 25,465.00              |
| Fees and Permits                      | A-11 | 20,000.00       |                              | 19,550.00              |
| Fines and Costs - Municipal Court     | A-11 | 85,000.00       |                              | 107,038.32             |
| Interest and Costs on Taxes           | A-11 | 43,650.00       |                              | 50,805.73              |
| Beach Badge Fees                      | A-11 | 575,000.00      |                              | 740,435.00             |
| Tower Lease Rental                    | A-11 | 34,000.00       |                              | 39,202.50              |
| Post Office Rent                      | A-11 | 24,000.00       |                              | 26,220.00              |
| Boat Ramp Fees                        | A-11 | 35,000.00       |                              | 36,890.00              |
| Energy Receipts Tax                   | A-11 | 247,442.00      |                              | 247,442.00             |
| Uniform Construction Code Fees        | A-11 | 80,000.00       |                              | 165,000.00             |
| Shared Services Agreement             |      |                 |                              |                        |
| Tax Collection Services               |      |                 |                              |                        |
| Salaries and Wages                    | A-11 | 5,000.00        |                              | 7,511.69               |
| Other Expenses                        | A-11 | 1,000.00        |                              | (1,000.00)             |
| Alcohol Education Rehabilitation Fund | A-24 | 846.04          |                              | 846.04                 |
| Body Armor Replacement Fund           | A-24 | 1,382.18        |                              | 1,382.18               |
| Clean Communities Program             | A-24 |                 | 9,628.81                     | 9,628.81               |
| Coastal Zone Management Program       | A-24 | 15,000.00       |                              | 15,000.00              |
| Cops In Shops                         | A-24 |                 | 3,600.00                     | 3,600.00               |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | REF.    | ANTICIPATED |                     | SPECIAL N.J.S.A.<br>40A:4-87 | REALIZED            | EXCESS OR<br>(DEFICIT) |
|--|---------|-------------|---------------------|------------------------------|---------------------|------------------------|
|  |         | BUDGET      |                     |                              |                     |                        |
| Drunk Driving Enforcement Fund                                     | A-24    | \$          | 825.00              | \$                           | 825.00              | \$                     |
| Recycling Revenue and Residue                                      | A-24    |             | 6,405.70            |                              | 6,405.70            |                        |
|  | A-1     |             | <u>1,206,550.92</u> |                              | <u>1,516,304.27</u> | <u>296,524.54</u>      |
|  |         |             | 13,228.81           |                              |                     |                        |
| Receipts from Delinquent Taxes                                     | A-2     |             | <u>230,000.00</u>   |                              | <u>252,477.82</u>   | <u>22,477.82</u>       |
| Amount to be Raised by Taxation for Support<br>of Municipal Budget | A-2     |             | <u>4,464,126.08</u> |                              | <u>4,650,325.26</u> | <u>186,199.18</u>      |
|  |         |             | 7,103,500.00        |                              | 7,621,930.35        | 505,201.54             |
| <u>Budget Totals</u>   | A-1:A-2 |             | <u>7,103,500.00</u> |                              | <u>687,221.97</u>   | <u>687,221.97</u>      |
|  |         |             | 13,228.81           |                              |                     |                        |
| <u>Non-Budget Revenues</u>   |         |             | <u>7,103,500.00</u> |                              | <u>8,309,152.32</u> | <u>1,192,423.51</u>    |
|  |         |             | \$                  | \$                           | \$                  | \$                     |

ANALYSIS OF REALIZED REVENUE

|   |         |    |                      |
|---|---------|----|----------------------|
| Current Tax Collections                       | A-1:A-8 | \$ | 12,937,327.20        |
| Appropriation "Reserve for Uncollected Taxes" | A-3     |    | <u>301,240.62</u>    |
| Less: Allocated to School and County Taxes    | A-8     |    | <u>13,238,567.82</u> |
|   |         |    | <u>8,588,242.56</u>  |
|   | A-2     | \$ | <u>4,650,325.26</u>  |

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

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | <u>REF.</u> |                        |
|--|-------------|------------------------|
| <u>INTEREST AND COSTS ON TAXES</u>                 |             |                        |
| Delinquent Interest Collections                    |             | \$ 48,412.47           |
| 6% Year End Penalty Collections                    | A-9         | <u>2,393.26</u>        |
|  | A-2:A-11    | <u>\$ 50,805.73</u>    |
| <u>RECEIPTS FROM DELINQUENT TAXES</u>              |             |                        |
| Delinquent Tax Collections                         | A-8         | \$ 225,644.42          |
| Overpayments Applied                               | A-8         | <u>26,833.40</u>       |
|  | A-1:A-2     | <u>\$ 252,477.82</u>   |
| <u>MISCELLANEOUS REVENUES</u>                      |             |                        |
| Revenue Accounts Receivable                        | A-11        | \$ 1,478,616.54        |
| Interfund - Federal and State Grant Fund           | A-24        | <u>37,687.73</u>       |
|  | A-1:A-2     | <u>\$ 1,516,304.27</u> |
| <u>ANALYSIS OF NON-BUDGET REVENUE</u>              |             |                        |
| Bids   |             | \$ 1,200.00            |
| Cable TV Franchise                                 |             | 19,107.11              |
| Copies   |             | 114.23                 |
| County of Ocean Reimbursement for Debris Removal   |             | 144,261.26             |
| Curbing Administrative Fees                        |             | 200.00                 |
| Duplicate Tax Bills                                |             | 50.00                  |
| Environmental Protection Administrative Operations |             | 9,938.59               |
| Escrow Forfeiture                                  |             | 23,200.80              |
| Fire Arms ID Cards                                 |             | 25.00                  |
| Interlocal Services - Prior Year                   |             | 4,000.00               |
| JIF Dividend                                       |             | 72,402.00              |
| Long Beach Island Fishing Club Donation            |             | 150.00                 |
| LOSAP Surrender                                    |             | 33,038.42              |
| NSF Check Charges - Collector                      |             | 40.00                  |
| NSF Check Charges - Other                          |             | 121.91                 |
| Planning Board Fees                                |             | 15,225.00              |
| Police   |             | 488.00                 |
| Recycling  |             | 2,480.95               |
| SC/VETS Administrative Fees                        |             | 422.92                 |
| Superstorm Sandy Public Assistance                 |             | 157,582.36             |
| Superstorm Sandy CDBG Fees                         |             | 62,822.03              |
| Vital Statistics                                   |             | 2,728.00               |
| Unclassified                                       |             | <u>137,587.27</u>      |
|  | A-4         | 687,185.85             |
| Statutory Excess in Animal Control Trust Reserve   | A-20        | <u>36.12</u>           |
|  | A-1:A-2     | <u>\$ 687,221.97</u>   |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | APPROPRIATED |                           | PAID OR CHARGED | EXPENDED   |             | UNEXPENDED BALANCE CANCELED |
|--|--------------|---------------------------|-----------------|------------|-------------|-----------------------------|
|  | BUDGET       | BUDGET AFTER MODIFICATION |                 | ENCUMBERED | RESERVED    |                             |
| <b>OPERATIONS WITHIN CAPS</b>            |              |                           |                 |            |             |                             |
| <b>GENERAL GOVERNMENT</b>                |              |                           |                 |            |             |                             |
| Administrative and Executive:            |              |                           |                 |            |             |                             |
| Salaries and Wages                       | \$ 50,000.00 | \$ 51,000.00              | \$ 49,154.20    | \$         | \$ 1,845.80 | \$                          |
| Other Expenses                           | 25,000.00    | 30,000.00                 | 25,631.58       |            | 4,368.42    |                             |
| Publicity:                               |              |                           |                 |            |             |                             |
| Other Expenses                           | 500.00       | 500.00                    |                 |            | 500.00      |                             |
| Human Resources (Personnel):             |              |                           |                 |            |             |                             |
| Other Expenses                           | 30,000.00    | 30,000.00                 | 7,266.20        |            | 22,733.80   |                             |
| Mayor and Council:                       |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 45,000.00    | 45,000.00                 | 45,000.00       |            | 2,480.74    |                             |
| Other Expenses                           | 5,000.00     | 5,000.00                  | 2,519.26        |            | 4,905.73    |                             |
| Municipal Clerk:                         |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 80,000.00    | 80,000.00                 | 75,094.27       | 2,933.50   | 9,273.88    |                             |
| Other Expenses                           | 25,000.00    | 25,000.00                 | 12,792.62       |            | 5,292.30    |                             |
| Financial Administration (Treasury):     |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 75,000.00    | 75,000.00                 | 69,707.70       | 519.74     | 1,994.37    |                             |
| Other Expenses                           | 35,000.00    | 35,000.00                 | 32,485.89       |            | 5,000.00    |                             |
| Audit Services:                          |              |                           |                 |            |             |                             |
| Other Expenses                           | 30,000.00    | 30,000.00                 | 25,000.00       |            | 5,000.00    |                             |
| Revenue Administration (Tax Collection): |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 65,000.00    | 65,000.00                 | 52,849.26       |            | 12,150.74   |                             |
| Other Expenses                           | 15,000.00    | 15,000.00                 | 9,936.09        | 529.58     | 4,534.33    |                             |
| Liquidation of Tax Title Liens:          |              |                           |                 |            |             |                             |
| Other Expenses                           | 1,000.00     | 1,000.00                  |                 |            | 1,000.00    |                             |
| Tax Assessment Administration:           |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 35,000.00    | 35,000.00                 | 34,485.05       |            | 514.95      |                             |
| Other Expenses                           | 20,000.00    | 20,000.00                 | 2,984.11        |            | 17,015.89   |                             |
| Other Expenses - Revaluation             | 40,000.00    | 22,000.00                 | 21,498.30       |            | 501.70      |                             |
| Legal Services:                          |              |                           |                 |            |             |                             |
| Other Expenses                           | 130,000.00   | 120,000.00                | 50,432.00       | 950.00     | 68,618.00   |                             |
| Consulting Services:                     |              |                           |                 |            |             |                             |
| Other Expenses                           | 50,000.00    | 60,000.00                 | 39,657.83       | 10,342.17  | 10,000.00   |                             |
| Engineering Services:                    |              |                           |                 |            |             |                             |
| Other Expenses                           | 75,000.00    | 75,000.00                 | 38,865.99       |            | 36,134.01   |                             |
| Historic Preservation:                   |              |                           |                 |            |             |                             |
| Other Expenses                           | 500.00       | 500.00                    |                 |            | 500.00      |                             |
| Municipal Prosecutor:                    |              |                           |                 |            |             |                             |
| Other Expenses                           | 14,000.00    | 14,000.00                 | 13,200.00       |            | 800.00      |                             |
| <b>LAND USE ADMINISTRATION</b>           |              |                           |                 |            |             |                             |
| Land Use Board:                          |              |                           |                 |            |             |                             |
| Salaries and Wages                       | 20,000.00    | 20,000.00                 | 2,419.29        |            | 17,580.71   |                             |
| Other Expenses                           | 18,000.00    | 18,000.00                 | 14,125.26       |            | 3,874.74    |                             |

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

BOROUGH OF SHIP BOTTOM  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                                     | APPROPRIATED |    | BUDGET AFTER<br>MODIFICATION | PAID OR |              | EXPENDED |            | UNEXPENDED<br>BALANCE<br>CANCELED |
|-------------------------------------|--------------|----|------------------------------|---------|--------------|----------|------------|-----------------------------------|
|                                     | BUDGET       | \$ |                              | CHARGED | ENCUMBERED   | RESERVED | \$         |                                   |
| Zoning Enforcement:                 |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 42,000.00    | \$ | 60,000.00                    | \$      | 60,000.00    | \$       | 4,886.99   |                                   |
| Other Expenses                      | 5,000.00     |    | 5,000.00                     |         | 113.01       |          |            |                                   |
| Other Code Enforcement:             |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 25,000.00    |    | 25,000.00                    |         | 21,585.65    |          | 3,414.35   |                                   |
| Other Expenses                      | 5,500.00     |    | 5,500.00                     |         | 643.63       |          | 519.98     |                                   |
| INSURANCE                           |              |    |                              |         |              |          |            |                                   |
| General Liability                   | 85,000.00    |    | 87,500.00                    |         | 86,759.09    |          | 740.91     |                                   |
| Worker's Compensation               | 165,000.00   |    | 165,000.00                   |         | 72,004.88    |          | 92,995.12  |                                   |
| Employee Group Health               | 650,000.00   |    | 647,500.00                   |         | 500,808.60   |          | 146,691.40 |                                   |
| PUBLIC SAFETY                       |              |    |                              |         |              |          |            |                                   |
| Police Department:                  |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 1,223,000.00 |    | 1,218,000.00                 |         | 1,206,781.31 |          | 11,218.69  |                                   |
| Other Expenses                      | 78,000.00    |    | 83,000.00                    |         | 65,066.96    |          | 9,485.20   |                                   |
| Police Dispatch/911:                |              |    |                              |         |              |          |            |                                   |
| Other Expenses                      | 59,000.00    |    | 59,000.00                    |         | 58,516.28    |          | 483.72     |                                   |
| Office of Emergency Management:     |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 7,500.00     |    | 7,500.00                     |         | 1,000.00     |          | 6,500.00   |                                   |
| Other Expenses                      | 7,500.00     |    | 7,500.00                     |         | 6,323.08     |          | 564.92     |                                   |
| Aid to Volunteer Fire Company       | 45,000.00    |    | 45,000.00                    |         |              |          | 45,000.00  |                                   |
| First Aid Organization Contribution | 25,000.00    |    | 25,000.00                    |         | 25,000.00    |          |            |                                   |
| Municipal Court:                    |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 97,000.00    |    | 97,000.00                    |         | 97,000.00    |          |            |                                   |
| Other Expenses                      | 15,000.00    |    | 15,000.00                    |         | 9,575.49     |          | 108.00     |                                   |
| Public Defender:                    |              |    |                              |         |              |          |            |                                   |
| Other Expenses                      | 9,500.00     |    | 9,500.00                     |         | 200.00       |          | 9,300.00   |                                   |
| PUBLIC WORKS                        |              |    |                              |         |              |          |            |                                   |
| Streets and Road Maintenance:       |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 170,000.00   |    | 170,000.00                   |         | 128,588.39   |          | 41,411.61  |                                   |
| Other Expenses                      | 50,000.00    |    | 50,000.00                    |         | 34,749.04    |          | 15,211.96  |                                   |
| Garbage and Trash Removal:          |              |    |                              |         |              |          |            |                                   |
| Other Expenses                      | 257,000.00   |    | 242,000.00                   |         | 169,465.00   |          | 72,535.00  |                                   |
| Recycling:                          |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 20,000.00    |    | 20,000.00                    |         | 19,488.65    |          | 511.35     |                                   |
| Other Expenses                      | 15,000.00    |    | 15,000.00                    |         | 2,172.70     |          | 12,307.31  |                                   |
| Public Buildings and Grounds:       |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 65,000.00    |    | 65,000.00                    |         | 59,244.80    |          | 5,755.20   |                                   |
| Other Expenses                      | 80,000.00    |    | 80,000.00                    |         | 69,344.64    |          | 11,73      |                                   |
| Equipment Maintenance and Repair:   |              |    |                              |         |              |          |            |                                   |
| Salaries and Wages                  | 125,000.00   |    | 125,000.00                   |         | 97,774.39    |          | 27,225.61  |                                   |
| Other Expenses                      | 50,000.00    |    | 50,000.00                    |         | 31,647.90    |          | 15,055.83  |                                   |

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

BOROUGH OF SHIP BOTTOM  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | APPROPRIATED |                           | PAID OR CHARGED | EXPENDED   |           | UNEXPENDED BALANCE CANCELED |
|---|--------------|---------------------------|-----------------|------------|-----------|-----------------------------|
|   | BUDGET       | BUDGET AFTER MODIFICATION |                 | ENCUMBERED | RESERVED  |                             |
| <u>HEALTH AND HUMAN SERVICES</u>  |              |                           |                 |            |           |                             |
| Board of Health:  |              |                           |                 |            |           |                             |
| Other Expenses  | \$ 46,000.00 | \$ 46,000.00              | \$ 45,219.03    | \$         | \$ 780.97 | \$                          |
| Environmental Health Service:   |              |                           |                 |            |           |                             |
| Salaries and Wages  | 500.00       | 500.00                    |                 |            | 500.00    |                             |
| Other Expenses  | 200.00       | 200.00                    |                 |            | 200.00    |                             |
| LBI Joint Environmental Commission:   |              |                           |                 |            |           |                             |
| Other Expenses  | 500.00       | 500.00                    |                 |            | 500.00    |                             |
| Animal Control Services:  |              |                           |                 |            |           |                             |
| Other Expenses  | 7,000.00     | 7,000.00                  | 4,120.00        | 162.84     | 2,717.16  |                             |
| Aid to Senior Citizens Center (R.S. 40:48-94):  |              |                           |                 |            |           |                             |
| Other Expenses  | 6,500.00     | 6,500.00                  | 6,500.00        |            |           |                             |
| Aid to Museum (N.J.S.A. 40:23-22):  |              |                           |                 |            |           |                             |
| Other Expenses  | 300.00       | 300.00                    |                 |            | 300.00    |                             |
| <u>WHARVES, DOCKS AND BULKHEADS</u>   |              |                           |                 |            |           |                             |
| Salaries and Wages  | 25,000.00    | 25,000.00                 | 18,270.49       |            | 6,729.51  |                             |
| Other Expenses  | 6,500.00     | 6,500.00                  | 2,509.46        | 532.35     | 3,458.19  |                             |
| <u>PARKS AND RECREATION FUNCTIONS</u>   |              |                           |                 |            |           |                             |
| Recreation:   |              |                           |                 |            |           |                             |
| Salaries and Wages  | 10,000.00    | 10,000.00                 | 9,599.80        |            | 400.20    |                             |
| Other Expenses  | 6,000.00     | 6,000.00                  | 5,783.62        | 45.17      | 171.21    |                             |
| <u>BEACHFRONT MAINTENANCE</u>   |              |                           |                 |            |           |                             |
| Salaries and Wages  | 140,000.00   | 140,000.00                | 133,372.18      |            | 6,627.82  |                             |
| Other Expenses  | 20,000.00    | 20,000.00                 | 16,223.37       | 39.00      | 3,737.63  |                             |
| <u>BEACH OPERATIONS</u>   |              |                           |                 |            |           |                             |
| Salaries and Wages  | 370,000.00   | 385,000.00                | 385,000.00      |            |           |                             |
| Other Expenses  | 65,000.00    | 65,000.00                 | 58,976.36       |            | 6,023.64  |                             |
| <u>BEACH REPLENISHMENT</u>  |              |                           |                 |            |           |                             |
| Other Expenses  | 12,000.00    | 6,000.00                  |                 |            | 6,000.00  |                             |
| <u>CELEBRATION OF PUBLIC EVENTS</u>   |              |                           |                 |            |           |                             |
| Other Expenses  | 45,000.00    | 45,000.00                 | 31,292.02       |            | 13,707.98 |                             |
| <u>TRANSPORTATION</u>   |              |                           |                 |            |           |                             |
| Other Expenses  | 10,000.00    | 10,000.00                 | 10,000.00       |            |           |                             |
| <u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u> |              |                           |                 |            |           |                             |
| Uniform Construction Code Enforcement Functions:  |              |                           |                 |            |           |                             |
| Salaries and Wages  | 65,000.00    | 65,000.00                 | 62,554.57       |            | 2,445.43  |                             |
| Other Expenses  | 15,000.00    | 15,000.00                 | 9,786.99        |            | 5,213.01  |                             |

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

BOROUGH OF SHIP BOTTOM  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|                               | APPROPRIATED        |                     | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED  | EXPENDED         |                   | UNEXPENDED<br>BALANCE<br>CANCELED |
|-------------------------------|---------------------|---------------------|------------------------------|---------------------|------------------|-------------------|-----------------------------------|
|                               | BUDGET              | BUDGET              |                              |                     | ENCUMBERED       | RESERVED          |                                   |
| <u>UNCLASSIFIED</u>           |                     |                     |                              |                     |                  |                   |                                   |
| Electricity                   | \$ 30,000.00        | \$ 30,000.00        | \$ 30,000.00                 | \$ 17,725.46        | \$               | \$ 12,274.55      | \$                                |
| Street Lighting               | 120,000.00          | 120,000.00          | 120,000.00                   | 97,592.64           |                  | 22,407.36         |                                   |
| Telephone                     | 30,000.00           | 30,000.00           | 30,000.00                    | 26,263.55           |                  | 3,736.45          |                                   |
| Natural Gas                   | 18,000.00           | 18,000.00           | 18,000.00                    | 8,970.94            |                  | 9,029.06          |                                   |
| Gasoline                      | 65,000.00           | 65,000.00           | 65,000.00                    | 36,690.99           | 1,218.44         | 27,090.57         |                                   |
| Sanitary Landfill             | 195,000.00          | 195,000.00          | 195,000.00                   | 94,321.78           |                  | 100,678.22        |                                   |
| Accumulated Absence Liability | 30,000.00           | 30,000.00           | 30,000.00                    | 30,000.00           |                  |                   |                                   |
| Total Operations within Caps  | <u>5,598,500.00</u> | <u>5,598,500.00</u> | <u>5,598,500.00</u>          | <u>4,559,731.63</u> | <u>42,496.86</u> | <u>996,271.51</u> |                                   |
| Detail:                       |                     |                     |                              |                     |                  |                   |                                   |
| Salaries and Wages            | 2,755,000.00        | 2,755,000.00        | 2,755,000.00                 | 2,628,970.00        |                  | 155,030.00        |                                   |
| Other Expenses                | <u>2,843,500.00</u> | <u>2,843,500.00</u> | <u>2,843,500.00</u>          | <u>1,930,761.63</u> | <u>42,496.86</u> | <u>841,241.51</u> |                                   |

DEFERRED CHARGES AND STATUTORY EXPENDITURES

| <u>WITHIN CAPS</u>  |                     |
|---|---------------------|
| Statutory Expenditures:                                       |                     |
| Contribution to:  |                     |
| Public Employees Retirement System                            | 124,207.00          |
| Social Security System (O.A.S.I.)                             | 220,000.00          |
| Police and Firemen's Retirement System of NJ                  | 218,652.00          |
| Defined Contribution Retirement Program                       | 7,000.00            |
| Unemployment and Disability Insurance                         | 15,000.00           |
| Total Deferred Charges and Statutory Expenditures within Caps | <u>584,859.00</u>   |
| Total Appropriations within Caps                              | <u>6,183,359.00</u> |

OPERATIONS EXCLUDED FROM CAPS

|   |           |           |          |
|---|-----------|-----------|----------|
| Length of Service Award Program                 | 20,000.00 | 10,026.00 | 9,974.00 |
| Recycling Tax                                   | 7,000.00  |           | 7,000.00 |
| Interlocal Municipal Service Agreements:        |           |           |          |
| Shared Services Agreements                      |           |           |          |
| Borough of Surf City - Tax Collection Services: |           |           |          |
| Salaries and Wages                              | 5,000.00  | 3,333.33  | 1,666.67 |
| Other Expenses                                  | 1,000.00  |           | 1,000.00 |

PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES

|  |           |           |          |
|--|-----------|-----------|----------|
| Matching Funds for Grants                        | 2,500.00  |           | 2,500.00 |
| Alcohol Education Rehabilitation Fund            | 846.04    | 846.04    |          |
| Body Armor Replacement Fund                      | 1,382.18  | 1,382.18  |          |
| Clean Communities Program (40A-4-87 +\$9,628.81) |           | 9,628.81  |          |
| Coastal Zone Management Program                  | 15,000.00 | 15,000.00 |          |
| Cops In Shops (40A-4-87 + \$3,600.00)            |           | 3,600.00  |          |
| Drunk Driving Enforcement Fund                   | 825.00    | 825.00    |          |
| Recycling Revenue and Residue                    | 6,405.70  | 6,405.70  |          |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

|  | APPROPRIATED    |                 | BUDGET AFTER    | EXPENDED     |                 | UNEXPENDED  |
|--|-----------------|-----------------|-----------------|--------------|-----------------|-------------|
|  | BUDGET          | MODIFICATION    | PAID OR         | ENCUMBERED   | RESERVED        | BALANCE     |
|  |                 |                 | CHARGED         |              |                 | CANCELED    |
| Total Operations Excluded from Caps                  | \$ 59,958.92    | \$ 73,187.73    | \$ 51,047.06    | \$           | \$ 22,140.67    | \$          |
| Detail:  |                 |                 |                 |              |                 |             |
| Salaries and Wages                                   | 5,000.00        | 5,000.00        | 3,333.33        |              | 1,666.67        |             |
| Other Expenses                                       | 54,958.92       | 68,187.73       | 47,713.73       |              | 20,474.00       |             |
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>       |                 |                 |                 |              |                 |             |
| Capital Improvement Fund                             | 150,000.00      | 150,000.00      | 150,000.00      |              |                 |             |
| Total Capital Improvements Excluded from Caps        | 150,000.00      | 150,000.00      | 150,000.00      |              |                 |             |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>     |                 |                 |                 |              |                 |             |
| Payment of Bond Principal                            | 75,000.00       | 75,000.00       | 75,000.00       |              |                 |             |
| Payment of Bond Anticipation Notes and Capital Notes | 290,615.21      | 290,615.21      | 290,615.21      |              |                 |             |
| Interest on Bonds                                    | 8,426.25        | 8,426.25        | 8,426.25        |              |                 |             |
| Interest on Notes                                    | 15,000.00       | 15,000.00       | 13,688.39       |              |                 | 1,311.61    |
| Green Trust Loan Program:                            |                 |                 |                 |              |                 |             |
| Loan Repayments for Principal and Interest           | 19,900.00       | 19,900.00       | 19,877.17       |              |                 | 22.83       |
| Total Municipal Debt Service Excluded from Caps      | 408,941.46      | 408,941.46      | 407,807.02      |              |                 | 1,334.44    |
| Total General Appropriations Excluded from Caps      | 618,800.38      | 632,129.19      | 608,654.08      |              | 22,140.67       | 1,334.44    |
| Subtotal General Appropriations                      | 6,802,259.38    | 6,815,488.19    | 5,717,565.95    |              | 1,054,080.94    | 1,334.44    |
| Reserve for Uncollected Taxes                        | 301,240.62      | 301,240.62      | 301,240.62      |              |                 |             |
|  | \$ 7,103,500.00 | \$ 7,116,728.81 | \$ 6,018,806.57 | \$ 42,496.86 | \$ 1,054,080.94 | \$ 1,334.44 |
| REF.   | A-2             | A-3             | A1:A-3          | A-1:A22      | A, A-1          | A-1         |
| Appropriation by 40A.4-87                            |                 |                 |                 |              |                 |             |
| Budget   | \$              | \$ 13,228.81    |                 |              |                 |             |
|  |                 | 7,103,500.00    |                 |              |                 |             |
|  |                 | \$ 7,116,728.81 |                 |              |                 |             |
| Reserve for Uncollected Taxes                        |                 |                 | \$ 301,240.62   |              |                 |             |
| Disbursements  |                 |                 | 5,679,678.22    |              |                 |             |
| Interfund - Federal and State Grant Fund             |                 |                 | 37,687.73       |              |                 |             |
|  |                 |                 | \$ 6,018,806.57 |              |                 |             |

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

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TRUST FUND

BOROUGH OF SHIP BOTTOM

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|--|-------------|--|--|
| <u>ASSETS</u>                                      |             |  |  |
| Animal Control Trust Fund:                         |             |  |  |
| Cash and Cash Equivalents                          | B-1         | \$ <u>684.22</u>                         | \$ <u>469.62</u>                         |
|  |             | <u>684.22</u>                            | <u>469.62</u>                            |
| Trust - Other:                                     |             |  |  |
| Cash and Cash Equivalents                          | B-1         | 465,374.51                               | 420,755.09                               |
| Interfund Receivable                               | B-4         | <u>16,604.11</u>                         | <u>17,832.76</u>                         |
|  |             | <u>481,978.62</u>                        | <u>438,587.85</u>                        |
|  |             | \$ <u><u>482,662.84</u></u>              | \$ <u><u>439,057.47</u></u>              |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCES</u> |             |  |  |
| Animal Control Trust Fund:                         |             |  |  |
| Reserve for Animal Control Trust Fund Expenditures | B-2         | \$ 408.00                                | \$ 293.60                                |
| Due State of New Jersey                            | B-3         | 1.20                                     |  |
| Interfunds Payable                                 | B-4         | 212.14                                   | 176.02                                   |
| Reserve for Encumbrances                           | B-5         | <u>62.88</u>                             |  |
|  |             | <u>684.22</u>                            | <u>469.62</u>                            |
| Trust - Other:                                     |             |  |  |
| Interfunds Payable                                 | B-4         | 5,757.01                                 |  |
| Reserve for Encumbrances                           | B-5         | 2,300.00                                 | 662.00                                   |
| Miscellaneous Reserves                             | B-6         | <u>473,921.61</u>                        | <u>437,925.85</u>                        |
|  |             | <u>481,978.62</u>                        | <u>438,587.85</u>                        |
|  |             | \$ <u><u>482,662.84</u></u>              | \$ <u><u>439,057.47</u></u>              |

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

GENERAL CAPITAL FUND

BOROUGH OF SHIP BOTTOMGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

|   | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|---|-------------|--|--|
| <u>ASSETS</u>                                     |             |  |  |
| Cash and Cash Equivalents                         | C-2         | \$ 1,244,459.70                          | \$ 342,381.01                            |
| Deferred Charges to Future Taxation:              |             |  |  |
| Funded  | C-4         | 1,606,347.27                             | 450,396.36                               |
| Unfunded  | C-5         | 6,371,402.43                             | 7,913,922.88                             |
| Grants Receivable                                 | C-6         | 54,075.37                                | 111,970.07                               |
| Interfunds Receivable                             | C-7         | 174,493.38                               | 116,598.68                               |
|   |             | <u>\$ 9,450,778.15</u>                   | <u>\$ 8,935,269.00</u>                   |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCE</u> |             |  |  |
| Interfunds Payable                                | C-7         | \$ 574,717.32                            | \$                                       |
| Serial Bonds Payable                              | C-8         | 1,427,000.00                             | 255,000.00                               |
| Bond Anticipation Notes Payable                   | C-9         | 763,486.86                               | 1,873,997.07                             |
| Green Trust Loans Payable                         | C-10        | 179,347.27                               | 195,396.36                               |
| Improvement Authorizations:                       |             |  |  |
| Funded  | C-11        | 348,463.19                               | 95,686.57                                |
| Unfunded  | C-11        | 5,624,294.58                             | 6,002,214.56                             |
| Capital Improvement Fund                          | C-12        | 418,922.00                               | 268,922.00                               |
| Reserve for Encumbrances                          | C-14        | 1,246.56                                 | 152,829.97                               |
| Capital Reserves                                  | C-15        |  | 4,850.08                                 |
| Fund Balance                                      | C-1         | 113,300.37                               | 86,372.39                                |
|   |             | <u>\$ 9,450,778.15</u>                   | <u>\$ 8,935,269.00</u>                   |

There were bonds and notes authorized but not issued on December 31, 2017 of \$5,607,915.57 (Schedule C-16).

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

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

|   | <u>REF.</u> |    |                   |
|---|-------------|----|-------------------|
| Balance, December 31, 2016                | C           | \$ | 86,372.39         |
| Increased by:                             |             |    |                   |
| Premium on Bond Anticipation Notes Issued | C-2         | \$ | 23,427.98         |
| Capital Reserves Canceled                 | C-15        |    | <u>3,500.00</u>   |
|   |             |    | <u>26,927.98</u>  |
| Balance, December 31, 2017                | C           | \$ | <u>113,300.37</u> |

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

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WATER - SEWER UTILITY FUND

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|--|-------------|--|--|
| <u>ASSETS</u>                            |             |  |  |
| Operating Fund:                          |             |  |  |
| Cash and Cash Equivalents                | D-5         | \$ 277,501.29                            | \$ 536,376.29                            |
| Interfunds Receivable                    | D-10        | 277,704.44                               | 292.28                                   |
|  |             | <u>555,205.73</u>                        | <u>536,668.57</u>                        |
| Receivables with Full Reserves:          |             |  |  |
| Water Rents Receivable                   | D-7         | 59,206.43                                | 78,631.68                                |
| Sewer Rents Receivable                   | D-8         | 68,714.38                                | 92,945.20                                |
|  |             | <u>127,920.81</u>                        | <u>171,576.88</u>                        |
| <u>Total Operating Fund</u>              |             | <u>683,126.54</u>                        | <u>708,245.45</u>                        |
| Capital Fund:                            |             |  |  |
| Cash and Cash Equivalents                | D-5         | 66,309.61                                | 207,218.85                               |
| Fixed Capital                            | D-14        | 17,960,317.37                            | 13,198,850.82                            |
| Fixed Capital Authorized and Uncompleted | D-15        | 3,768,704.55                             | 8,701,369.51                             |
| Interfunds Receivable                    | D-16        | 574,717.32                               |  |
| <u>Total Capital Fund</u>                |             | <u>22,370,048.85</u>                     | <u>22,107,439.18</u>                     |
|  |             | <u>\$ 23,053,175.39</u>                  | <u>\$ 22,815,684.63</u>                  |

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

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

|   | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|---|-------------|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>                 |             |  |  |
| Operating Fund:   |             |  |  |
| Appropriation Reserves  | D-4, D-9    | \$ 115,865.24                            | \$ 69,445.61                             |
| Interfunds Payable  | D-10        | 205,423.93                               | 208,982.80                               |
| Overpayments  | D-11        | 13,172.31                                | 11,303.08                                |
| Accrued Interest on Bonds, Notes and Loans                    | D-12        | 45,964.37                                | 31,989.06                                |
| Reserve for Encumbrances                                      | D-13        | 9,171.49                                 | 367.88                                   |
|   |             | <u>389,597.34</u>                        | <u>322,088.43</u>                        |
| Reserve for Receivables                                       |             | 127,920.81                               | 171,576.88                               |
| Fund Balance  | D-1         | 165,608.39                               | 214,580.14                               |
| <u>Total Operating Fund</u>                                   |             | <u>683,126.54</u>                        | <u>708,245.45</u>                        |
| Capital Fund:   |             |  |  |
| Reserve for Encumbrances                                      | D-13        | 4,160,635.25                             | 67,490.00                                |
| Interfunds Payable  | D-16        | 527,412.06                               |  |
| Serial Bonds Payable  | D-17        | 3,363,000.00                             | 570,000.00                               |
| Bond Anticipation Notes Payable                               | D-18        | 215,957.00                               | 2,822,118.00                             |
| New Jersey Environmental Infrastructure Trust<br>Loan Payable | D-19        | 1,226,973.95                             | 1,442,386.35                             |
| Improvement Authorizations:                                   |             |  |  |
| Funded  | D-20        | 723,606.80                               |  |
| Unfunded  | D-20        | 3,045,097.75                             | 8,701,369.51                             |
| Capital Improvement Fund                                      | D-21        | 70,058.93                                | 70,058.93                                |
| Reserve for Amortization                                      | D-22        | 8,255,561.07                             | 8,429,630.47                             |
| Deferred Reserve for Amortization                             | D-23        | 723,606.80                               |  |
| Fund Balance  | D-2         | 58,139.24                                | 4,385.92                                 |
| <u>Total Capital Fund</u>                                     |             | <u>22,370,048.85</u>                     | <u>22,107,439.18</u>                     |
|   |             | <u>\$ 23,053,175.39</u>                  | <u>\$ 22,815,684.63</u>                  |

There were bonds and notes authorized but not issued on December 31, 2017 of \$7,943,923.10 (Schedule D-24).

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

BOROUGH OF SHIP BOTTOMWATER - SEWER UTILITY OPERATING FUNDSTATEMENTS OF OPERATIONS  
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

|  | <u>REF.</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2017</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2016</u> |
|--|-------------|---|---|
| <u>REVENUE AND OTHER INCOME REALIZED</u> |             |   |   |
| Fund Balance Utilized                    | D-3         | \$ 208,498.00                               | \$ 51,041.19                                |
| Water Rents                              | D-3         | 790,691.75                                  | 729,154.10                                  |
| Sewer Rents                              | D-3         | 972,013.62                                  | 915,112.80                                  |
| Miscellaneous                            | D-3         | 73,486.25                                   | 58,681.98                                   |
| Reserve for Retirement of Debt           |             |   | 142,000.00                                  |
| Other Credits to Income:                 |             |   |   |
| Unexpended Balance of                    |             |   |   |
| Appropriation Reserves                   | D-9         | <u>64,544.21</u>                            | <u>9,932.99</u>                             |
| <u>TOTAL INCOME</u>                      |             | <u>2,109,233.83</u>                         | <u>1,905,923.06</u>                         |
| <u>EXPENDITURES</u>                      |             |   |   |
| Operating                                | D-4         | 1,295,200.00                                | 970,000.00                                  |
| Capital Improvements                     |             |   | 70,000.00                                   |
| Debt Service                             | D-4         | 627,592.58                                  | 624,515.02                                  |
| Deferred Charges                         |             |   | 208,368.16                                  |
| Statutory Expenditures                   | D-4         | <u>26,915.00</u>                            | <u>26,827.90</u>                            |
| <u>TOTAL EXPENDITURES</u>                |             | <u>1,949,707.58</u>                         | <u>1,899,711.08</u>                         |
| Excess in Revenue                        |             | 159,526.25                                  | 6,211.98                                    |
| Fund Balance January 1                   | D           | <u>214,580.14</u>                           | <u>259,409.35</u>                           |
|  |             | 374,106.39                                  | 265,621.33                                  |
| Less: Utilized as Anticipated Revenue    | D-1         | <u>208,498.00</u>                           | <u>51,041.19</u>                            |
| Fund Balance December 31                 | D           | <u>\$ 165,608.39</u>                        | <u>\$ 214,580.14</u>                        |

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

BOROUGH OF SHIP BOTTOM

WATER/SEWER UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

|                                 | <u>REF.</u> |    |                         |
|---------------------------------|-------------|----|-------------------------|
| Balance December 31, 2016       | D           | \$ | 4,385.92                |
| Increased by:                   |             |    |                         |
| Premium on Sale of Bonds Issued | D-5         |    | <u>53,753.32</u>        |
| Balance December 31, 2017       | D           | \$ | <u><u>58,139.24</u></u> |

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

BOROUGH OF SHIP BOTTOM

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

|                          | REF.    | ANTICIPATED            | REALIZED               | EXCESS/(DEFICIT)    |
|--------------------------|---------|------------------------|------------------------|---------------------|
| Fund Balance Anticipated | D-1     | \$ 208,498.00          | \$ 208,498.00          | \$                  |
| Water Rents              | D-1:D-7 | 757,659.00             | 790,691.75             | 33,032.75           |
| Sewer Rents              | D-1:D-8 | 946,162.00             | 972,013.62             | 25,851.62           |
| Miscellaneous            | D-1:D-3 | 58,681.00              | 73,486.25              | 14,805.25           |
|                          | D-4     | <u>\$ 1,971,000.00</u> | <u>\$ 2,044,689.62</u> | <u>\$ 73,689.62</u> |

ANALYSIS OF REALIZED REVENUE

|                                 |         |                     |
|---------------------------------|---------|---------------------|
| Miscellaneous:                  |         |                     |
| Connect                         | \$      | 7,300.00            |
| Disconnect                      |         | 700.00              |
| Interest on Delinquent Accounts |         | 5,298.47            |
| On/Off                          |         | 1,450.00            |
| T-Mobil                         |         | 58,657.78           |
| Other Miscellaneous             |         | 80.00               |
|                                 | D-3:D-5 | <u>\$ 73,486.25</u> |

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

BOROUGH OF SHIP BOTTOM

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

|  | APPROPRIATIONS      |                              | EXPENDED            |                   | UNEXPENDED<br>BALANCE<br>CANCELED |
|--|---------------------|------------------------------|---------------------|-------------------|-----------------------------------|
|  | BUDGET              | BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED  | RESERVED          |                                   |
| Operating:   |                     |                              |                     |                   |                                   |
| Salaries and Wages                                       | \$ 295,000.00       | \$ 165,000.00                | \$ 163,930.41       | \$ 1,069.59       | \$                                |
| Other Expenses   | 1,000,200.00        | 1,130,200.00                 | 1,030,108.98        | 100,091.02        |                                   |
| <u>Total Operating</u>                                   | <u>1,295,200.00</u> | <u>1,295,200.00</u>          | <u>1,194,039.39</u> | <u>101,160.61</u> |                                   |
| Debt Service:  |                     |                              |                     |                   |                                   |
| Payment of Bond Principal                                | 185,000.00          | 185,000.00                   | 185,000.00          |                   |                                   |
| Payment of Bond Anticipation Notes and Capital Notes     | 147,661.00          | 147,661.00                   | 147,661.00          |                   |                                   |
| Interest on Bonds  | 18,498.75           | 18,498.75                    | 17,342.50           |                   | 1,156.25                          |
| Interest on Notes  | 38,000.00           | 38,000.00                    | 26,387.27           |                   | 11,612.73                         |
| Infrastructure Loan Principal                            | 215,412.40          | 215,412.40                   | 215,412.40          |                   |                                   |
| Infrastructure Loan Interest                             | 44,312.85           | 44,312.85                    | 35,789.41           |                   | 8,523.44                          |
| <u>Total Debt Service</u>                                | <u>648,885.00</u>   | <u>648,885.00</u>            | <u>627,592.58</u>   |                   | <u>21,292.42</u>                  |
| Statutory Expenditures:                                  |                     |                              |                     |                   |                                   |
| Contribution To:   |                     |                              |                     |                   |                                   |
| Public Employees Retirement System                       | 2,000.00            | 2,000.00                     |                     | 2,000.00          |                                   |
| Social Security System (O.A.S.I.)                        | 22,567.50           | 22,567.50                    | 11,597.17           | 10,970.33         |                                   |
| Unemployment Compensation Insurance                      | 2,347.50            | 2,347.50                     | 613.20              | 1,734.30          |                                   |
| <u>Total Deferred Charges and Statutory Expenditures</u> | <u>26,915.00</u>    | <u>26,915.00</u>             | <u>12,210.37</u>    | <u>14,704.63</u>  |                                   |
|  | \$ 1,971,000.00     | \$ 1,971,000.00              | \$ 1,833,842.34     | \$ 115,865.24     | \$ 21,292.42                      |
|  | REF. D-3            |                              | D-1                 | D:D-1             | D-1                               |
| Disbursements  |                     |                              | \$ 1,745,151.67     |                   |                                   |
| Accrued Interest on Bonds, Notes and Loans               |                     |                              | 79,519.18           |                   |                                   |
| Reserve for Encumbrances                                 |                     |                              | 9,171.49            |                   |                                   |
|  |                     |                              | \$ 1,833,842.34     |                   |                                   |

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

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PAYROLL FUND

BOROUGH OF SHIP BOTTOM

PAYROLL FUND

BALANCE SHEETS - REGULATORY BASIS

|   | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|---|--|--|
| <u>ASSETS</u>                                 |  |  |
| Cash and Cash Equivalents                     | \$ <u>57,227.15</u>                      | \$ <u>51,924.08</u>                      |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |  |  |
| Interfunds Payable                            | \$ 2,289.02                              | \$ 2,288.92                              |
| Payroll Liabilities                           | <u>54,938.13</u>                         | <u>49,635.16</u>                         |
|   | \$ <u>57,227.15</u>                      | \$ <u>51,924.08</u>                      |

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF SHIP BOTTOM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
BALANCE SHEETS - REGULATORY BASIS

|   | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> |
|---|--|--|
| <u>GENERAL FIXED ASSETS</u>               |  |  |
| Land                                      | \$ 44,891,700.00                         | \$ 38,850,100.00                         |
| Buildings                                 | 5,176,000.00                             | 2,345,400.00                             |
| Equipment and Vehicles                    | <u>3,379,354.87</u>                      | <u>715,582.89</u>                        |
|   | <u>\$ 53,447,054.87</u>                  | <u>\$ 41,911,082.89</u>                  |
| <u>INVESTMENT IN GENERAL FIXED ASSETS</u> |  |  |
| Investment in General Fixed Assets        | <u>\$ 53,447,054.87</u>                  | <u>\$ 41,911,082.89</u>                  |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SHIP BOTTOM

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Ship Bottom is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Ship Bottom include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Ship Bottom, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Ship Bottom do not include the operations of any libraries, first aid organizations, volunteer fire companies, the consolidated school district or the regional school district, in as much as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types: the governmental, proprietary and fiduciary funds as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles, (GAAP).

The accounting policies of the Borough of Ship Bottom conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Ship Bottom are organized on the basis of funds and account groups which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created

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

Water - Sewer Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned water - sewer utility

Payroll Fund - Receipt and disbursement of funds for payroll costs and payroll taxes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued) - Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

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

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as revenue in a future budget. GAAP requires such proceeds to be recorded as revenue in the year of sale.

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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued) - 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.

No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based upon an inspection and historical cost analysis except for land and buildings acquired prior to December 31, 1985 which are stated at current replacement values as permitted by N.J.A.C. 5:30-5.6. Except for land and buildings, fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water - Sewer Utility - Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water - Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

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

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC). The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Ship Bottom had the following cash and cash equivalents at December 31, 2017:

|                            | PETTY CASH<br>AND<br>CHANGE<br>FUND | CASH IN<br>BANK       | ADDITIONS           | DEDUCTIONS            | RECONCILED<br>BALANCE |
|----------------------------|-------------------------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Current Fund               | \$670.00                            | \$5,903,282.49        | \$463,561.46        | \$696,981.25          | \$5,670,532.70        |
| Animal Control Trust Fund  |                                     | 684.22                |                     |                       | 684.22                |
| Trust Other Fund           |                                     | 648,054.71            |                     | 182,680.20            | 465,374.51            |
| General Capital Fund       |                                     | 1,244,745.42          |                     | 285.72                | 1,244,459.70          |
| Water-Sewer Operating Fund |                                     | 291,304.88            | 5,044.87            | 18,848.46             | 277,501.29            |
| Water-Sewer Capital Fund   |                                     | 158,762.51            | 250,000.00          | 342,452.90            | 66,309.61             |
| Payroll Fund               |                                     | 168,401.48            |                     | 111,174.33            | 57,227.15             |
|                            | <u>\$670.00</u>                     | <u>\$8,415,235.71</u> | <u>\$718,606.33</u> | <u>\$1,352,422.86</u> | <u>\$7,782,089.18</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank, \$250,000.00 was covered by FDIC insurance and a collateral pool under NJ GUDPA covered \$8,001,680.28. An amount of \$163,555.43 was on deposit in the name of various developers for escrow and is insured by FDIC insurance or uninsured depending on the deposits of the individual developer in the escrow depository.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough of Ship Bottom had investments in its' own Bond Anticipation Notes as permitted by category 4 listed above. The Borough's investment in Bond Anticipation Notes at December 31, 2017 was \$979,443.86.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Title 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory next debt of 0.618%.

|                               | <u>GROSS DEBT</u>       | <u>DEDUCTIONS</u>       | <u>NET DEBT</u>        |
|-------------------------------|-------------------------|-------------------------|------------------------|
| Local School District Debt    | \$                      | \$                      | \$                     |
| Regional School District Debt |                         |                         |                        |
| Water - Sewer Utility Debt    | 12,749,854.05           | 12,749,854.05           |                        |
| General Debt                  | 7,977,749.70            |                         | 7,977,749.70           |
|                               | <u>\$ 20,727,603.75</u> | <u>\$ 12,749,854.05</u> | <u>\$ 7,977,749.70</u> |

Net debt of \$7,977,749.70 divided by equalized valuation basis per N.J.S. 40A:2-2, as amended, of \$1,290,463,017.33 equals 0.618%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

|   | <u>YEAR 2017</u>       | <u>YEAR 2016</u>       | <u>YEAR 2015</u>       |
|---|------------------------|------------------------|------------------------|
| Issued:   |                        |                        |                        |
| General:  |                        |                        |                        |
| Bonds, Notes and Loans                                      | \$ 2,369,834.13        | \$ 2,324,393.43        | \$ 2,808,299.83        |
| Water - Sewer Utility:                                      |                        |                        |                        |
| Bonds, Notes and Loans                                      | <u>4,805,930.95</u>    | <u>4,834,504.35</u>    | <u>5,245,479.33</u>    |
| Total Issued  | <u>7,175,765.08</u>    | <u>7,158,897.78</u>    | <u>8,053,779.16</u>    |
| Less:   |                        |                        |                        |
| Funds Temporarily Held to Pay                               |                        |                        |                        |
| Bonds, Notes and Loans,                                     |                        |                        |                        |
| Accounts Receivable and                                     |                        |                        |                        |
| Self-Liquidating Purpose                                    | <u>12,749,854.05</u>   | <u>13,470,589.86</u>   | <u>6,202,820.88</u>    |
| Total Deductions  | <u>12,749,854.05</u>   | <u>13,470,589.86</u>   | <u>6,202,820.88</u>    |
| Net Debt Issued   | <u>(5,574,088.97)</u>  | <u>(6,311,692.08)</u>  | <u>1,850,958.28</u>    |
| Authorized But Not Issued:                                  |                        |                        |                        |
| General:  |                        |                        |                        |
| Bonds, Notes and Loans                                      | 5,607,915.57           | 6,039,925.81           | 5,707,425.81           |
| Water - Sewer Utility:                                      |                        |                        |                        |
| Bonds, Notes and Loans                                      | <u>7,943,923.10</u>    | <u>8,636,085.51</u>    | <u>861,085.51</u>      |
| Total Authorized But Not Issued                             | <u>13,551,838.67</u>   | <u>14,676,011.32</u>   | <u>6,568,511.32</u>    |
| Net Bonds and Notes Issued and<br>Authorized But Not Issued | <u>\$ 7,977,749.70</u> | <u>\$ 8,364,319.24</u> | <u>\$ 8,419,469.60</u> |

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

|  |                            |
|--|----------------------------|
| Equalized Valuation Basis* - December 31, 2017 | \$ <u>1,290,463,017.33</u> |
| 3-1/2 of Equalized Valuation Basis (Municipal) | \$ 45,166,205.61           |
| Net Debt                                       | <u>7,977,749.70</u>        |
| Remaining Borrowing Power                      | <u>\$ 37,188,455.91</u>    |

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Ship Bottom for the last three (3) preceding years.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

|  |                   |                            |
|--|-------------------|----------------------------|
| Revenue from Fees, Rents, and Other Charges for<br>Year and Fund Balance |                   | \$ 2,044,689.62            |
| Deductions:  |                   |                            |
| Operating and Maintenance Cost   | \$ 1,322,115.00   |                            |
| Debt Service per Water - Sewer Account                                   | <u>627,592.58</u> |                            |
| Total Deductions   |                   | <u>1,949,707.58</u>        |
| Excess in Revenue - Self Liquidating                                     |                   | \$ <u><u>94,982.04</u></u> |

LONG-TERM DEBT OBLIGATIONS:

General Capital Fund:

Serial Bonds:

|  |  |                       |
|--|--|-----------------------|
| Various % General Improvement Bonds Series 2004<br>issued December 1, 2004, installment maturities to<br>May 1, 2019           |  | \$ 180,000.00         |
| Various % General Improvement Bonds Series 2017A<br>issued September 21, 2017, installment maturities to<br>September 15, 2030 |  | 842,000.00            |
| Various % General Improvement Bonds Series 2017C<br>issued September 21, 2017, installment maturities to<br>September 15, 2035 |  | <u>405,000.00</u>     |
|  |  | <u>\$1,427,000.00</u> |

The General Capital Fund bonds mature serially in installments to the year 2035. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u>      | <u>INTEREST</u>      |
|-------------|-----------------------|----------------------|
| 2018        | \$ 143,000.00         | \$ 46,122.02         |
| 2019        | 144,000.00            | 41,563.76            |
| 2020        | 75,000.00             | 37,603.76            |
| 2021        | 80,000.00             | 34,603.76            |
| 2022        | 85,000.00             | 31,403.76            |
| 2023-27     | 455,000.00            | 105,418.80           |
| 2028-32     | 355,000.00            | 40,381.26            |
| 2033-35     | <u>90,000.00</u>      | <u>6,240.00</u>      |
| Total       | <u>\$1,427,000.00</u> | <u>\$ 343,337.12</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT OBLIGATIONS (CONTINUED):

General Capital Fund (Continued)

Green Trust Loan Program:

The Borough has a low interest loan (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. The \$319,655.00 loan for Waterfront Park was finalized on February 5, 2008. The Borough must repay the loan in semi-annual installments over twenty years. Loan payments are due through the year 2027.

Debt service requirements for the two loans are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>     |
|-------------|----------------------|---------------------|
| 2018        | \$ 16,371.67         | \$ 3,505.49         |
| 2019        | 16,700.75            | 3,176.43            |
| 2020        | 17,036.43            | 2,840.74            |
| 2021        | 17,378.86            | 2,498.30            |
| 2022        | 17,728.18            | 2,149.00            |
| 2023-27     | <u>94,131.38</u>     | <u>5,254.48</u>     |
| Total       | <u>\$ 179,347.27</u> | <u>\$ 19,424.44</u> |

Water - Sewer Utility Capital Fund:

Serial Bonds:

|  |                       |
|--|-----------------------|
| Various % Water-Sewer Utility Bonds Series 2004<br>issued December 1, 2004, installment maturities to<br>December 1, 2019      | \$ 385,000.00         |
| Various % Water-Sewer Utility Bonds Series 2017B<br>issued September 21, 2017, installment maturities to<br>September 15, 2037 | 2,083,000.00          |
| Various % Water-Sewer Utility Bonds Series 2017D<br>issued September 21, 2017, installment maturities to<br>September 15, 2035 | <u>895,000.00</u>     |
|  | <u>\$3,363,000.00</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT OBLIGATIONS (CONTINUED)

Water - Sewer Utility Capital Fund (Continued):

Serial Bonds (Continued):

The Water - Sewer Utility Capital Fund bonds Mature serially in installments to the year 2037. Aggregate debt service requirements during the next five fiscal years are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u>       | <u>INTEREST</u>        |
|-------------|------------------------|------------------------|
| 2018        | \$ 282,000.00          | \$ 107,119.59          |
| 2019        | 296,000.00             | 97,965.00              |
| 2020        | 125,000.00             | 90,125.00              |
| 2021        | 130,000.00             | 85,125.00              |
| 2022        | 135,000.00             | 79,925.00              |
| 2023-27     | 740,000.00             | 317,125.00             |
| 2028-32     | 855,000.00             | 203,902.54             |
| 2033-37     | <u>800,000.00</u>      | <u>68,358.80</u>       |
| Total       | \$ <u>3,363,000.00</u> | \$ <u>1,049,645.93</u> |

New Jersey Environmental Infrastructure Loans:

The Borough received various low interest loans (variable rate) under the New Jersey Environmental Infrastructure Trust Loan Program. The respective loan balances at December 31, 2017 are enumerated below. Loan payments are due in semi-annual installments over twenty years. Loan payments are due through the year 2028.

|  |                       |
|--|-----------------------|
| New Jersey Environmental Infrastructure Trust - 1999       | \$ 278,727.55         |
| New Jersey Environmental Infrastructure Trust - 2008A (CW) | 287,255.46            |
| New Jersey Environmental Infrastructure Trust - 2008A (DW) | <u>660,990.94</u>     |
|  | <u>\$1,226,973.95</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG-TERM DEBT OBLIGATIONS (CONTINUED):

Water-Sewer Utility Capital Fund (Continued):

New Jersey Environmental Infrastructure Loans (Continued):

Debt Service requirements during the next five fiscal years and thereafter are as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u>       | <u>INTEREST</u>      |
|-------------|------------------------|----------------------|
| 2018        | \$ 227,235.63          | \$ 38,513.17         |
| 2019        | 229,870.30             | 32,258.45            |
| 2020        | 87,112.00              | 25,700.00            |
| 2021        | 85,637.86              | 23,225.00            |
| 2022        | 92,156.95              | 20,750.00            |
| 2023-27     | 439,961.21             | 61,750.00            |
| 2028        | <u>65,000.00</u>       | <u>3,250.00</u>      |
| Total       | <u>\$ 1,226,973.95</u> | <u>\$ 205,446.62</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SHORT-TERM DEBT OBLIGATIONS:

Bond Anticipation Notes:

General Capital Fund:

| <u>DATE OR<br/>ORDINANCE<br/>NUMBER</u> | <u>DATE OF<br/>ORIGINAL<br/>ISSUE</u> | <u>DATE OF<br/>ISSUE</u> | <u>DATE OF<br/>MATURITY</u> | <u>INTEREST<br/>RATE</u> | <u>AMOUNT</u> |
|---|---------------------------------------|--------------------------|-----------------------------|--------------------------|---------------|
| 04/25/95                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | \$ 11,960.00  |
| 09/24/96                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 9,568.73      |
| 04/28/98                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 7,360.01      |
| 02/09/99                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 2,980.00      |
| 02/22/00                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 5,369.91      |
| 04/25/00                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 3,573.95      |
| 08/22/00                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 2,800.00      |
| 07/14/05                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 3,674.74      |
| 03/28/06                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 3,928.40      |
| 06/27/06                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 33,930.42     |
| 07/25/06                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 3,517.20      |
| 10/24/06                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 29,680.00     |
| 09/25/12                                | 12/31/12                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 305,538.11    |
| 10/25/11                                | 12/31/13                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 59,605.37     |
| 2013-03                                 | 12/31/13                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 146,666.68    |
| 2013-09                                 | 12/31/13                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 133,333.34    |
|   |                                       |                          |                             |                          | \$ 763,486.86 |

Water – Sewer Utility Capital Fund:

| <u>DATE OR<br/>ORDINANCE<br/>NUMBER</u> | <u>DATE OF<br/>ORIGINAL<br/>ISSUE</u> | <u>DATE OF<br/>ISSUE</u> | <u>DATE OF<br/>MATURITY</u> | <u>INTEREST<br/>RATE</u> | <u>AMOUNT</u> |
|---|---------------------------------------|--------------------------|-----------------------------|--------------------------|---------------|
| Various                                 | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | \$ 26,683.00  |
| 09/15/05                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 5,915.00      |
| 02/21/06                                | 12/31/09                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 162,359.00    |
| 05/27/08                                | 12/31/13                              | 12/31/17                 | 12/31/18                    | 0.0000%                  | 21,000.00     |
|   |                                       |                          |                             |                          | \$ 215,957.00 |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED:

At December 31, 2017, the Borough had bonds and notes authorized but not issued as follows:

|                                    |                 |
|------------------------------------|-----------------|
| General Capital Fund               | \$ 5,607,915.57 |
| Water – Sewer Utility Capital Fund | \$ 7,943,923.10 |

NOTE 4: COMPENSATED ABSENCES

Under the terms of various contracts, Borough employees are allowed to accumulate unused vacation and sick pay over the life or their working careers which may be taken as time off or paid at a later date. It is estimated that the current cost of such unpaid compensation would approximate \$648,837.36. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017. The Borough has accumulated \$140,775.44 for this purpose in the Trust Other Fund and has budgeted \$125,000 in 2018 and continues to budget funds to provide for these liabilities as they arise.

NOTE 5: FUND BALANCES APPROPRIATED

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

|                            |              |
|----------------------------|--------------|
| Current Fund               | \$ 1,732,450 |
| Water - Sewer Utility Fund | \$ 160,900   |

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County, the Local School District and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

NOTE 7: TAXES AND WATER – SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water - sewer charges collected in advance and recorded as cash liabilities in the financial statements are as follows:

|                            | BALANCE<br>DECEMBER<br><u>31, 2017</u> | BALANCE<br>DECEMBER<br><u>31, 2016</u> |
|----------------------------|--|--|
| Prepaid Taxes              | \$1,211,273.41                         | \$294,715.07                           |
| Tax Overpayments           | 33,602.77                              | 28,985.54                              |
| Water - Sewer Overpayments | 13,172.31                              | 11,303.08                              |

NOTE 8: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 9: LITIGATION

The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and any and all claims for damages under the New Jersey Tort Claims Act are covered by the self-insurance pool provided by the Fund. There is no anticipated or pending tort claim litigation which will result in any direct and uninsured liability of the Borough. Rather, all matters of tort claim have adequate insurance protection.

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

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance program for municipalities within the State. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

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

| <u>FUND</u>                  | <u>INTERFUND<br/>RECEIVABLE</u> | <u>INTERFUND<br/>PAYABLE</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund                 | \$ 457,632.71                   | \$ 252,152.41                |
| Federal and State Grant Fund | 66,811.93                       |                              |
| Animal Control Trust Fund    |                                 | 212.14                       |
| Trust Other Fund             | 16,604.11                       | 5,757.01                     |
| General Capital Fund         | 174,493.38                      | 574,717.32                   |
| Water- Sewer Operating Fund  | 277,704.44                      | 205,423.93                   |
| Water- Sewer Capital Fund    | 574,717.32                      | 527,412.06                   |
| Payroll Fund                 |                                 | 2,289.02                     |
|                              | <u>\$ 1,567,963.89</u>          | <u>\$ 1,567,963.89</u>       |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 12: PENSION PLANS

Plan Descriptions

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (the "Division"): the Public Employees' Retirement System (the "PERS"), the Police and Firemen's Retirement System (the "PFRS") or the Defined Contribution Retirement System (the "DCRP"). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues publicly available financial reports that include the financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (the "PERS") was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (the "PFRS") was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to qualified members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

## NOTE 12: PENSION PLANS

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (the "DCRP") was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

### Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%. There was one Borough employee eligible for the DCRP for the years ended December 31, 2017, 2016 and 2015.

### Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2017 PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 12: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Other Information

The Borough's contributions, equal to the required contributions for each fiscal year, were as follows:

|      | <u>PERS</u> | <u>PFRS</u> | <u>DCRP</u> |
|------|-------------|-------------|-------------|
| 2017 | \$ 123,226  | \$ 218,652  | \$ -0-      |
| 2016 | 116,670     | 237,288     | -0-         |
| 2015 | 106,048     | 262,008     | -0-         |

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

Accounting and Financial Reporting for Pensions - GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$3,316,392.00 for the Borough of Ship Bottom's proportionate share of the total net pension liability.

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0142466503 percent, which was an increase of 0.0003758734 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$321,397.00 for the Borough of Ship Bottom's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$123,226.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <u>Deferred<br/>Inflow of<br/>Resources</u> | <u>Deferred<br/>Outflow of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | -   | \$78,090.00                                  |
| Changes of assumptions  | \$665,689.00                                | 668,139.00                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                             |   | 22,582.00                                    |
| Changes in proportion and differences between Borough<br>contributions and proportionate share of contributions |   | <u>249,811.00</u>                            |
|   | <u>\$665,689.00</u>                         | <u>\$1,018,622.00</u>                        |

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| Year Ended<br>June 30, | Amount       |
|------------------------|--------------|
| 2018                   | \$159,485.00 |
| 2019                   | 195,368.00   |
| 2020                   | 127,855.00   |
| 2021                   | (69,757.00)  |
| 2022                   | (60,018.00)  |
|                        | \$352,933.00 |

Actuarial Assumptions

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

|                                 | <u>June 30, 2017</u> | <u>June 30, 2016</u> |
|---------------------------------|----------------------|----------------------|
| Inflation                       | 2.25 Percent         | 3.08 Percent         |
| Salary Increases (based on age) |                      |                      |
| Though 2026                     | 1.65-4.15 Percent    | 1.65-4.15 Percent    |
| Thereafter                      | 2.65-5.15 Percent    | 2.65-5.15 Percent    |
| Investment Rate of Return       | 7.00 Percent         | 7.65 percent         |

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

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

| <u>Asset Class</u>               | <u>June 30, 2017</u>     |   |
|----------------------------------|--------------------------|---|
|                                  | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Absolute return/risk mitigation  | 5.00%                    | 5.51%   |
| Cash                             | 5.50%                    | 1.00%   |
| US Treasuries                    | 3.00%                    | 1.87%   |
| Investment Grade Credit          | 10.00%                   | 3.78%   |
| Public High Yield                | 2.50%                    | 6.82%   |
| Global Diversified Credit        | 5.00%                    | 7.10%   |
| Credit oriented hedge funds      | 1.00%                    | 6.60%   |
| Debt related private equity      | 2.00%                    | 10.63%  |
| Debt related real estate         | 1.00%                    | 6.61%   |
| Private Real Estate              | 2.50%                    | 11.83%  |
| Equity related real estate       | 6.25%                    | 9.23%   |
| U.S. Equity                      | 30.00%                   | 8.19%   |
| Non-U.S. developed market equity | 11.50%                   | 9.00%   |
| Emerging markets equity          | 6.50%                    | 11.64%  |
| Buyouts venture capital          | 8.25%                    | 13.08%  |
|                                  | <u>100.00%</u>           |   |

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|  | June 30, 2017  |                |                |
|--|----------------|----------------|----------------|
|  | 1%             | At Current     | 1%             |
|  | Decrease       | Discount Rate  | Increase       |
|  | <u>4.00%</u>   | <u>5.00%</u>   | <u>6.00%</u>   |
| Borough's proportionate share of the pension liability | \$4,114,210.00 | \$3,316,392.00 | \$2,651,712.00 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$4,176,704.00 for the Borough of Ship Bottom's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0270545770 percent, which was an increase of 0.0002373178 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$215,750.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$218,652.00.

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

|   | <u>Deferred<br/>Inflow of<br/>Resources</u> | <u>Deferred<br/>Outflow of<br/>Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$24,514.00                                 | \$27,096.00                                  |
| Changes of assumptions  | 684,022.00                                  | 515,034.00                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                                   |   | 79,701.00                                    |
| Changes in proportion and differences between the Borough's<br>contributions and proportionate share of contributions | <u>514,973.00</u>                           | <u>49,824.00</u>                             |
|   | <u>\$1,223,509.00</u>                       | <u>\$671,655.00</u>                          |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended     | <u>Amount</u>         |
|----------------|-----------------------|
| <u>June 30</u> |                       |
| 2018           | (\$117,421.00)        |
| 2019           | (7,949.00)            |
| 2020           | (121,765.00)          |
| 2021           | (225,184.00)          |
| 2022           | <u>(79,535.00)</u>    |
|                | <u>(\$551,854.00)</u> |

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

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

|   | <u>2016</u>                       | <u>2017</u>                       |
|---|-----------------------------------|-----------------------------------|
| Inflation                                       | 3.08 Percent                      | 2.25 Percent                      |
| Salary Increases (based on age)<br>Through 2026 | 2.10-8.98 Percent<br>Based on Age | 2.10-8.98 Percent<br>Based on Age |
| Thereafter                                      | 3.10-9.98 Percent<br>Based on Age | 3.10-9.98 Percent<br>Based on Age |
| Investment Rate of Return                       | 7.65 Percent                      | 7.00 Percent                      |

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

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u>               | <u>June 30,2017</u>      |   |
|----------------------------------|--------------------------|---|
|                                  | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Absolute return/risk mitigation  | 5.00%                    | 5.51%   |
| Cash                             | 5.50%                    | 1.00%   |
| US Treasuries                    | 3.00%                    | 1.87%   |
| Investment Grade Credit          | 10.00%                   | 3.78%   |
| Public High Yield                | 2.50%                    | 6.82%   |
| Global Diversified Credit        | 5.00%                    | 7.10%   |
| Credit oriented hedge funds      | 1.00%                    | 6.60%   |
| Debt related private equity      | 2.00%                    | 10.63%  |
| Debt related real estate         | 1.00%                    | 6.61%   |
| Private Real Estate              | 2.50%                    | 11.83%  |
| Equity related real estate       | 6.25%                    | 9.23%   |
| U.S. Equity                      | 30.00%                   | 8.19%   |
| Non-U.S. developed market equity | 11.50%                   | 9.00%   |
| Emerging markets equity          | 6.50%                    | 11.64%  |
| Buyouts venture capital          | 8.25%                    | 13.08%  |
|                                  | <u>100.00%</u>           |   |

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|  | June 30, 2017                  |   |                                |
|--|--------------------------------|---|--------------------------------|
|  | 1%<br>Decrease<br><u>5.14%</u> | At Current<br>Discount Rate<br><u>6.14%</u> | 1%<br>Increase<br><u>7.14%</u> |
| Borough's proportionate share<br>of the PFRS pension liability | \$5,503,151.00                 | \$4,176,704.00                              | \$3,086,876.00                 |

NOTE 12: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with 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.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 Borough does 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 Borough related to this legislation.

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$467,826.00 and \$430,187.00 respectively.

At June 30, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

|   |                       |
|---|-----------------------|
| Borough's Proportionate Share of Net Pension Liability  | \$4,176,704.00        |
| State of New Jersey Proportionate Share of<br>Net Pension Liability Associated with the Borough | <u>467,826.00</u>     |
|   | <u>\$4,644,530.00</u> |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements, which have retired from the Borough after twenty-five (25) years of service. These benefits include Health Insurance and prescription coverage.

During the year ended December 31, 2017, there were six (6) former Borough employees who received benefits under these agreements through the State of New Jersey State Health Benefits Program at a cost to the Borough of approximately \$51,661.80.

Plan Description: The Borough will contribute to the 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 and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees and their 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. Rules 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 State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognize any long-term obligations on their balance sheets. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. 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 at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Funding Policy: Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay as you go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

NOTE 14: SCHOOL TAXES

Local District School Taxes and Regional School District Taxes have been raised and liabilities deferred by statute resulting in the school taxes payable as set forth in the Current Fund liabilities as follows:

|                | <u>LOCAL DISTRICT SCHOOL TAX</u> |                        | <u>REGIONAL SCHOOL DISTRICT TAX</u> |                      |
|----------------|----------------------------------|------------------------|-------------------------------------|----------------------|
|                | <u>BALANCE</u>                   | <u>BALANCE</u>         | <u>BALANCE</u>                      | <u>BALANCE</u>       |
|                | <u>DECEMBER</u>                  | <u>DECEMBER</u>        | <u>DECEMBER</u>                     | <u>DECEMBER</u>      |
|                | <u>31, 2017</u>                  | <u>31, 2016</u>        | <u>31, 2017</u>                     | <u>31, 2016</u>      |
| Balance of Tax | \$ 145,853.75                    | \$ (12,362.37)         | \$ 1,359,564.50                     | \$ 1,641,832.90      |
| Deferred       | <u>238,576.00</u>                | <u>238,576.00</u>      | <u>1,026,065.78</u>                 | <u>1,026,065.78</u>  |
| Tax Payable    | \$ <u>(92,722.25)</u>            | \$ <u>(250,938.37)</u> | \$ <u>333,498.72</u>                | \$ <u>615,767.12</u> |

NOTE 15: LENGTH OF SERVICE AWARD PROGRAM

The Borough of Ship Bottom Light adopted an ordinance establishing a Length of Service Award Program to ensure retention of the Borough's volunteers pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each volunteer member that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$17,657.00 in 2017, \$2,769.00 in 2016 and \$9,813.00 in 2015. The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 29, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no other subsequent events that need to be disclosed.

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BOROUGH OF SHIP BOTTOM  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF CASH

|  | <u>REF.</u> |                  |                         |
|--|-------------|------------------|-------------------------|
| Balance December 31, 2016                | A           |                  | \$ 3,762,043.40         |
| Increased by Receipts:                   |             |                  |                         |
| Miscellaneous Revenue not Anticipated    | A-2         | \$ 687,185.85    |                         |
| Change Fund                              | A-5         | 5.00             |                         |
| Investment in Bond Anticipation Notes    | A-7         | 324,541.21       |                         |
| Taxes Receivable                         | A-8         | 12,845,355.28    |                         |
| Revenue Accounts Receivable              | A-11        | 1,478,616.54     |                         |
| Third Party Liens                        | A-12        | 45,376.15        |                         |
| Due State of New Jersey                  | A-13        | 19,896.00        |                         |
| Tax Overpayments                         | A-14        | 39,708.86        |                         |
| Prepaid Taxes                            | A-15        | 1,211,273.41     |                         |
| Interfunds - Other Funds                 | A-20        | 1,246,667.28     |                         |
| Interfund - Federal and State Grant Fund | A-24        | <u>28,582.58</u> |                         |
|  |             |                  | <u>17,927,208.16</u>    |
|  |             |                  | 21,689,251.56           |
| Decreased by Disbursements:              |             |                  |                         |
| Refund of Prior Year Revenue             | A-1         | \$ 398.79        |                         |
| Budget Appropriations                    | A-3         | 5,679,878.22     |                         |
| Third Party Liens                        | A-12        | 45,377.28        |                         |
| Tax Overpayments                         | A-14        | 5,606.96         |                         |
| County Taxes Payable                     | A-16        | 5,228,460.10     |                         |
| Local District School Taxes Payable      | A-17        | (425,198.88)     |                         |
| Regional School District Taxes Payable   | A-18        | (3,001,397.40)   |                         |
| Appropriation Reserves                   | A-19        | 182,846.27       |                         |
| Interfunds - Other Funds                 | A-20        | 1,436,442.36     |                         |
| Interfund - Federal and State Grant Fund | A-24        | <u>13,782.60</u> |                         |
|  |             |                  | <u>9,166,196.30</u>     |
| Balance December 31 2017                 | A           |                  | \$ <u>12,523,055.26</u> |

"A-5"

BOROUGH OF SHIP BOTTOM  
CURRENT FUND  
SCHEDULE OF CHANGE FUND

|                           | <u>REF</u> |                         |
|---------------------------|------------|-------------------------|
| Balance December 31, 2016 | A          | \$ 425.00               |
| Decreased by:<br>Receipts | A-4        | <u>5.00</u>             |
| Balance December 31, 2017 | A          | \$ <u><u>420.00</u></u> |

"A-6"

SCHEDULE OF PETTY CASH

|                                    |   |                         |
|------------------------------------|---|-------------------------|
| Balance December 31, 2016 and 2017 | A | \$ <u><u>250.00</u></u> |
|------------------------------------|---|-------------------------|

"A-7"

SCHEDULE OF INVESTMENT IN BOND ANTICIPATION NOTES

|                           |     |                             |
|---------------------------|-----|-----------------------------|
| Balance December 31, 2016 | A   | \$ 1,303,985.07             |
| Decreased by:<br>Receipts | A-4 | <u>324,541.21</u>           |
| Balance December 31, 2017 | A   | \$ <u><u>979,443.86</u></u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE<br>DECEMBER<br>31, 2016 | 2017 LEVY        | COLLECTED        |               | OVERPAYMENTS<br>APPLIED | DUE FROM<br>STATE OF<br>NEW JERSEY<br>CH. 20,<br>P.L. 1971 | CANCELED     | BALANCE<br>DECEMBER<br>31, 2017 |
|------|---------------------------------|------------------|------------------|---------------|-------------------------|--|--------------|---------------------------------|
|      |                                 |                  | 2017             | 2016          |                         |  |              |                                 |
| 2015 | \$ 526.01                       | \$               | \$               | \$            | \$                      | \$   | \$ 525.90    | \$ .11                          |
| 2016 | 249,672.93                      |                  | 225,644.42       |               | 26,833.40               | 0.00   | (2,804.89)   | .11                             |
| 2017 | 250,198.94                      | 13,147,115.45    | 12,619,710.86    | 294,715.07    | 2,651.27                | 20,250.00  | (2,278.99)   | 186,828.14                      |
|      | \$ 250,198.94                   | \$ 13,147,115.45 | \$ 12,845,355.28 | \$ 294,715.07 | \$ 29,484.67            | \$ 20,250.00   | \$ 20,681.12 | \$ 186,828.25                   |
| REF. | A                               |                  | A-4              | A-15          | A-14                    | A-13   |              | A                               |

Analysis of 2017 Property Tax Levy

Tax Yield:

General Purpose Tax  
Added Taxes

\$ 13,005,151.66  
141,963.79  
\$ 13,147,115.45

Tax Levy:

Local District School Tax (Abstract)  
Regional School District Tax (Abstract)  
County Tax (Abstract)  
County Library Tax (Abstract)  
County Open Space Preservation (Abstract)

A-17 \$ 583,415.00  
A-18 2,719,129.00  
A-16 \$ 4,579,059.60  
A-16 493,323.69  
A-16 156,076.81  
A-1 5,228,460.10  
A-1-16 57,238.46  
A-16 5,285,698.56  
A-2 8,588,242.56  
4,464,126.08  
94,746.81  
4,558,872.89

\$ 13,147,115.45

Total School and County Taxes  
Local Tax for Municipal Purposes  
Added Taxes

"A-9"

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF 6% YEAR END PENALTY RECEIVABLE

|  | <u>REF</u> |                    |
|--|------------|--------------------|
| Balance December 31, 2016                  | A          | \$ 2,393.26        |
| Increased by:                              |            |                    |
| 6% Year End Penalty Levied                 |            | <u>1,450.11</u>    |
|  |            | 3,843.37           |
| Decreased by:                              |            |                    |
| Transferred to Interest and Costs on Taxes | A-2        | <u>2,393.26</u>    |
| Balance December 31, 2017                  | A          | <u>\$ 1,450.11</u> |

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES

(AT ASSESSED VALUATION)

|                                    |   |                     |
|------------------------------------|---|---------------------|
| Balance December 31, 2016 and 2017 | A | <u>\$ 82,610.00</u> |
|------------------------------------|---|---------------------|

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

|                                   | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>ACCRUED<br/>IN 2017</u> | <u>COLLECTED</u>       | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|-----------------------------------|--|----------------------------|------------------------|--|
| Licenses:                         |  |                            |                        |  |
| Alcoholic Beverages               | \$                                       | \$ 13,056.30               | \$ 13,056.30           | \$                                       |
| Other                             |  | 25,465.00                  | 25,465.00              |  |
| Fees and Permits                  |  | 19,550.00                  | 19,550.00              |  |
| Fines and Costs - Municipal Court | 5,516.18                                 | 105,725.74                 | 107,038.32             | 4,203.60                                 |
| Interest and Costs on Taxes       |  | 50,805.73                  | 50,805.73              |  |
| Beach Badge Fees                  |  | 740,435.00                 | 740,435.00             |  |
| Tower Lease Rental                |  | 39,202.50                  | 39,202.50              |  |
| Post Office Rent                  |  | 26,220.00                  | 26,220.00              |  |
| Boat Ramp Fees                    |  | 36,890.00                  | 36,890.00              |  |
| Energy Receipts Tax               |  | 247,442.00                 | 247,442.00             |  |
| Uniform Construction Code Fees    |  | 165,000.00                 | 165,000.00             |  |
| Shared Services Agreements:       |  |                            |                        |  |
| Tax Collection Services:          |  | 7,511.69                   | 7,511.69               |  |
| Salaries and Wages                |  |                            |                        |  |
|                                   | <u>\$ 5,516.18</u>                       | <u>\$ 1,477,303.96</u>     | <u>\$ 1,478,616.54</u> | <u>\$ 4,203.60</u>                       |
| <u>REF.</u>                       | A  |                            | A-4                    | A  |

BOROUGH OF SHIP BOTTOM  
CURRENT FUND  
SCHEDULE OF THIRD PARTY LIENS

|                            | <u>REF</u> |                     |
|----------------------------|------------|---------------------|
| Balance, December 31, 2016 | A          | \$ 1.13             |
| Increased by:              |            |                     |
| Receipts                   | A-4        | <u>45,376.15</u>    |
|                            |            | \$ <u>45,377.28</u> |
| Decreased by:              |            |                     |
| Disbursements              | A-4        | \$ <u>45,377.28</u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF DUE FROM/TO STATE OF NEW JERSEY

|  | <u>REF.</u> | <u>CH. 20,<br/>P.L. 1971</u> |
|--|-------------|------------------------------|
| Balance, December 31, 2016 - Due From/(Due To) | A           | \$ <u>(3,541.68)</u>         |
| Increased/Decreased by:                        |             |                              |
| Deductions:                                    |             |                              |
| Per Billings                                   |             | 20,750.00                    |
| Allowed by Collector (Net)                     |             | <u>(500.00)</u>              |
| Total Increases/Decreases                      | A-8         | <u>20,250.00</u>             |
| Total Increases/Decreases and Balances         |             | <u>16,708.32</u>             |
| Decreased/Increased by:                        |             |                              |
| Reimbursement due to Taxation Audit            | A-1         | 1,250.00                     |
| Receipts                                       | A-4         | <u>19,896.00</u>             |
|  |             | <u>21,146.00</u>             |
| Balance, December 31, 2017 - Due From/(Due To) | A           | \$ <u><u>(4,437.68)</u></u>  |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

|                             | <u>REF.</u> |                  |                            |
|-----------------------------|-------------|------------------|----------------------------|
| Balance December 31, 2016   | A           |                  | \$ 28,985.54               |
| Increased by:               |             |                  |                            |
| Receipts                    | A-4         |                  | <u>39,708.86</u>           |
|                             |             |                  | 68,694.40                  |
| Decreased by:               |             |                  |                            |
| Disbursements               | A-4         | \$ 5,606.96      |                            |
| Applied to Taxes Receivable | A-8         | <u>29,484.67</u> |                            |
|                             |             |                  | <u>35,091.63</u>           |
| Balance December 31, 2017   | A           |                  | \$ <u><u>33,602.77</u></u> |

"A-15"

BOROUGH OF SHIP BOTTOM  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

|                                  | <u>REF.</u> |                               |
|----------------------------------|-------------|-------------------------------|
| Balance December 31, 2016        | A           | \$ 294,715.07                 |
| Increased by:                    |             |                               |
| Collections                      | A-4         | <u>1,211,273.41</u>           |
|                                  |             | 1,505,988.48                  |
| Decreased by:                    |             |                               |
| Applied to 2017 Taxes Receivable | A-8         | <u>294,715.07</u>             |
| Balance December 31, 2017        | A           | <u><u>\$ 1,211,273.41</u></u> |

"A-16"

SCHEDULE OF COUNTY TAXES PAYABLE

|                                    | <u>REF.</u> |                            |
|------------------------------------|-------------|----------------------------|
| Increased by:                      |             |                            |
| General County Tax                 | A-8         | \$ 4,579,059.60            |
| County Library Tax                 | A-8         | 493,323.69                 |
| County Open Space Preservation Tax | A-8         | 156,076.81                 |
| Added and Omitted Taxes            | A-8         | <u>57,238.46</u>           |
|                                    | A-8         | \$ 5,285,698.56            |
| Decreased by:                      |             |                            |
| Payments                           | A-4         | <u>5,228,460.10</u>        |
| Balance, December 31, 2017         | A           | <u><u>\$ 57,238.46</u></u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

|   | <u>REF.</u> |                   |                             |
|---|-------------|-------------------|-----------------------------|
| Balance, December 31, 2016:                         |             |                   |                             |
| School Tax Payable                                  | A           | \$ (250,938.37)   |                             |
| School Tax Deferred                                 |             | <u>238,576.00</u> |                             |
|   |             |                   | \$ (12,362.37)              |
| Increased by:                                       |             |                   |                             |
| Levy School Year - July 1, 2017 to<br>June 30, 2018 | A-8         |                   | <u>583,415.00</u>           |
|   |             |                   | \$ <u>571,052.63</u>        |
| Decreased by:                                       |             |                   |                             |
| Payments  | A-4         |                   | <u>(425,198.88)</u>         |
| Balance, December 31, 2017:                         |             |                   |                             |
| School Tax Payable                                  | A           | \$ (92,722.25)    |                             |
| School Tax Deferred                                 |             | <u>238,576.00</u> |                             |
|   |             |                   | \$ <u><u>145,853.75</u></u> |

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

|   |     |                     |                               |
|---|-----|---------------------|-------------------------------|
| Balance, December 31, 2016:                         |     |                     |                               |
| School Tax Payable                                  | A   | \$ 615,767.12       |                               |
| School Tax Deferred                                 |     | <u>1,026,065.78</u> |                               |
|   |     |                     | \$ 1,641,832.90               |
| Increased by:                                       |     |                     |                               |
| Levy School Year - July 1, 2017 to<br>June 30, 2018 | A-8 |                     | <u>2,719,129.00</u>           |
|   |     |                     | \$ <u>4,360,961.90</u>        |
| Decreased by:                                       |     |                     |                               |
| Payments  | A-4 |                     | <u>(3,001,397.40)</u>         |
| Balance, December 31, 2017:                         |     |                     |                               |
| School Tax Payable                                  | A   | \$ 333,498.72       |                               |
| School Tax Deferred                                 |     | <u>1,026,065.78</u> |                               |
|   |     |                     | \$ <u><u>1,359,564.50</u></u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|  | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|--|--|---------------------------------------|----------------------------|---------------------------|
| <u>OPERATIONS WITHIN CAPS</u>            |  |                                       |                            |                           |
| Administrative and Executive:            |  |                                       |                            |                           |
| Salaries and Wages                       | \$ 1,320.77                              | \$ 1,320.77                           | \$                         | 1,320.77                  |
| Other Expenses                           | 4,090.45                                 | 4,090.45                              | 2,860.31                   | 1,230.14                  |
| Publicity:                               |  |                                       |                            |                           |
| Other Expenses                           | 500.00                                   | 500.00                                |                            | 500.00                    |
| Human Resources (Personnel):             |  |                                       |                            |                           |
| Other Expenses                           | 34,248.75                                | 34,248.75                             | 1,692.00                   | 32,556.75                 |
| Mayor and Council:                       |  |                                       |                            |                           |
| Salaries and Wages                       | 3,485.42                                 | 3,485.42                              | 68.74                      | 3,416.68                  |
| Other Expenses                           | 2,481.54                                 | 2,481.54                              | 2,050.31                   | 431.23                    |
| Municipal Clerk:                         |  |                                       |                            |                           |
| Salaries and Wages                       | 24,229.41                                | 24,229.41                             | 3,939.92                   | 20,289.49                 |
| Other Expenses                           | 16,263.21                                | 16,263.21                             | 3,930.31                   | 12,332.90                 |
| Financial Administration (Treasury):     |  |                                       |                            |                           |
| Salaries and Wages                       | 22,725.97                                | 22,725.97                             |                            | 22,725.97                 |
| Other Expenses                           | 6,177.67                                 | 6,177.67                              | 2,298.21                   | 3,879.46                  |
| Revenue Administration (Tax Collection): |  |                                       |                            |                           |
| Salaries and Wages                       | 25,751.14                                | 25,751.14                             |                            | 25,751.14                 |
| Other Expenses                           | 13,822.38                                | 13,822.38                             | 2,020.31                   | 11,802.07                 |
| Liquidation of Tax Title Liens:          |  |                                       |                            |                           |
| Other Expenses                           | 1,000.00                                 | 1,000.00                              |                            | 1,000.00                  |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

OPERATIONS WITHIN CAPS (CONTINUED)

|                                | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|--------------------------------|--|---------------------------------------|----------------------------|---------------------------|
| Tax Assessment Administration: |  |                                       |                            |                           |
| Salaries and Wages             | \$ 14,260.11                             | \$ 14,260.11                          |                            | \$ 14,260.11              |
| Other Expenses                 | 14,166.75                                | 14,166.75                             | 3,109.31                   | 11,057.44                 |
| Other Expenses - Revaluation   | 6,889.58                                 | 6,889.58                              | 2,050.31                   | 4,839.27                  |
| Legal Services:                |  |                                       |                            |                           |
| Other Expenses                 | 32,084.81                                | 32,084.81                             | 978.75                     | 31,106.06                 |
| Consulting Services:           |  |                                       |                            |                           |
| Other Expenses                 | 345.14                                   | 345.14                                | 345.14                     |                           |
| Engineering Services:          |  |                                       |                            |                           |
| Other Expenses                 | 10,129.03                                | 10,129.03                             | 233.95                     | 9,895.08                  |
| Historic Preservation:         |  |                                       |                            |                           |
| Other Expenses                 | 500.00                                   | 500.00                                |                            | 500.00                    |
| Municipal Prosecutor:          |  |                                       |                            |                           |
| Other Expenses                 | 1,000.00                                 | 1,000.00                              |                            | 1,000.00                  |
| Land Use Board:                |  |                                       |                            |                           |
| Salaries and Wages             | 3,222.50                                 | 3,222.50                              |                            | 3,222.50                  |
| Other Expenses                 | 5,431.93                                 | 5,431.93                              | 2,450.31                   | 2,981.62                  |
| Zoning Enforcement:            |  |                                       |                            |                           |
| Other Expenses                 | 3,861.54                                 | 3,861.54                              |                            | 3,861.54                  |
| Code Enforcement:              |  |                                       |                            |                           |
| Salaries and Wages             | 12,425.90                                | 12,425.90                             |                            | 12,425.90                 |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|   | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|---|--|---------------------------------------|----------------------------|---------------------------|
| <b>OPERATIONS WITHIN CAPS (CONTINUED)</b> |  |                                       |                            |                           |
| Code Enforcement:                         |  |                                       |                            |                           |
| Other Expenses                            | \$ 4,443.36                              | \$ 4,443.36                           | \$ 4,394.31                | \$ 49.05                  |
| Insurance:                                |  |                                       |                            |                           |
| General Liability                         | 20,111.05                                | 20,111.05                             | 592.81                     | 19,518.24                 |
| Worker's Compensation                     | 85,626.88                                | 85,626.88                             |                            | 85,626.88                 |
| Employee Group Health                     | 199,375.24                               | 199,375.24                            |                            | 199,375.24                |
| Health Benefits Waiver                    | 17,500.00                                | 17,500.00                             |                            | 17,500.00                 |
| Police Department:                        |  |                                       |                            |                           |
| Salaries and Wages                        | 40,659.23                                | 40,659.23                             | (28,002.00)                | 68,661.23                 |
| Other Expenses                            | 78,808.99                                | 78,808.99                             | 60,757.74                  | 18,051.25                 |
| Police Dispatch/911:                      |  |                                       |                            |                           |
| Other Expenses                            | 131.10                                   | 131.10                                |                            | 131.10                    |
| Office of Emergency Management:           |  |                                       |                            |                           |
| Salaries and Wages                        | 6,083.33                                 | 6,083.33                              |                            | 6,083.33                  |
| Other Expenses                            | 4,890.13                                 | 4,890.13                              | 2,050.31                   | 2,839.82                  |
| Aid to Volunteer Fire:                    |  |                                       |                            |                           |
| Other Expenses                            | 45,000.00                                | 45,000.00                             | 45,000.00                  |                           |
| Municipal Court:                          |  |                                       |                            |                           |
| Other Expenses                            | 2,730.67                                 | 2,730.67                              | 2,617.55                   | 113.12                    |
| Public Defender:                          |  |                                       |                            |                           |
| Other Expenses                            | 9,100.00                                 | 9,100.00                              |                            | 9,100.00                  |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|   | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|---|--|---------------------------------------|----------------------------|---------------------------|
| <u>OPERATIONS WITHIN CAPS (CONTINUED)</u>         |  |                                       |                            |                           |
| Streets and Road Maintenance:                     |  |                                       |                            |                           |
| Salaries and Wages                                | \$ 566.71                                | \$ 566.71                             | \$                         | \$ 566.71                 |
| Other Expenses                                    | 12,549.72                                | 12,549.72                             | 3,359.84                   | 9,189.88                  |
| Garbage and Trash Removal:                        |  |                                       |                            |                           |
| Other Expenses                                    | 82,000.00                                | 82,000.00                             | 15,000.00                  | 67,000.00                 |
| Recycling:  |  |                                       |                            |                           |
| Salaries and Wages                                | 829.32                                   | 829.32                                |                            | 829.32                    |
| Other Expenses                                    | 8,915.19                                 | 8,915.19                              | 7,100.00                   | 1,815.19                  |
| Public Buildings and Grounds:                     |  |                                       |                            |                           |
| Salaries and Wages                                | 8,946.89                                 | 8,946.89                              |                            | 8,946.89                  |
| Other Expenses                                    | 8,061.36                                 | 8,061.36                              | 7,569.51                   | 491.85                    |
| Equipment Maintenance and Repair:                 |  |                                       |                            |                           |
| Salaries and Wages                                | 56,038.88                                | 56,038.88                             |                            | 56,038.88                 |
| Other Expenses                                    | 5,359.69                                 | 5,359.69                              | 854.54                     | 4,505.15                  |
| Board of Health:                                  |  |                                       |                            |                           |
| Other Expenses                                    | 3,826.00                                 | 3,826.00                              |                            | 3,826.00                  |
| Environmental Health Service:                     |  |                                       |                            |                           |
| Salaries and Wages                                | 500.00                                   | 500.00                                |                            | 500.00                    |
| Other Expenses                                    | 200.00                                   | 200.00                                |                            | 200.00                    |
| Long Beach Island Joint Environmental Commission: |  |                                       |                            |                           |
| Other Expenses                                    | 500.00                                   | 500.00                                |                            | 500.00                    |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|  | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|--|--|---------------------------------------|----------------------------|---------------------------|
| <u>OPERATIONS WITHIN CAPS (CONTINUED)</u>      |  |                                       |                            |                           |
| Animal Control Services:                       |  |                                       |                            |                           |
| Other Expenses                                 | \$ 2,244.16                              | \$ 2,244.16                           | \$                         | 2,244.16                  |
| Aid to Senior Citizens Center (R.S. 40:48-94): |  |                                       |                            |                           |
| Other Expenses                                 | 6,000.00                                 | 6,000.00                              |                            | 6,000.00                  |
| Aid to Museum (N.J.S.A. 40:23-22):             |  |                                       |                            |                           |
| Other Expenses                                 | 300.00                                   | 300.00                                |                            | 300.00                    |
| Wharves, Docks and Bulkheads:                  |  |                                       |                            |                           |
| Salaries and Wages                             | 3,861.77                                 | 3,861.77                              |                            | 3,861.77                  |
| Other Expenses                                 | 3,765.51                                 | 3,765.51                              | 2,050.31                   | 1,715.20                  |
| Recreation Services and Programs:              |  |                                       |                            |                           |
| Salaries and Wages                             | 2,795.42                                 | 2,795.42                              |                            | 2,795.42                  |
| Other Expenses                                 | 5.16                                     | 5.16                                  |                            | 5.16                      |
| Beach Front Maintenance:                       |  |                                       |                            |                           |
| Salaries and Wages                             | 11,685.54                                | 11,685.54                             |                            | 11,685.54                 |
| Other Expenses                                 | 6,012.47                                 | 6,012.47                              | 2,769.23                   | 3,243.24                  |
| Beach Operations:                              |  |                                       |                            |                           |
| Salaries and Wages                             | 6,805.46                                 | 6,805.46                              |                            | 6,805.46                  |
| Other Expenses                                 | 6,508.06                                 | 6,508.06                              | 6,273.06                   | 235.00                    |
| Beach Replenishment:                           |  |                                       |                            |                           |
| Other Expenses                                 | 4,032.50                                 | 4,032.50                              |                            | 4,032.50                  |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|  | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|--|--|---------------------------------------|----------------------------|---------------------------|
|  | \$ 10,628.65                             | \$ 10,628.65                          | \$ 3,258.45                | \$ 7,370.20               |
|  | 9,253.49                                 | 9,253.49                              |                            | 9,253.49                  |
|  | 7,925.06                                 | 7,925.06                              | 2,189.63                   | 5,735.43                  |
|  | 12,385.24                                | 12,385.24                             | 1,939.39                   | 10,445.85                 |
|  | 4,252.61                                 | 4,252.61                              | 1,608.50                   | 2,644.11                  |
|  | 7,228.25                                 | 7,228.25                              |                            | 7,228.25                  |
|  | 11,466.28                                | 11,466.28                             | 980.40                     | 10,485.88                 |
|  | 31,468.45                                | 31,468.45                             | 1,954.53                   | 29,513.92                 |
|  | 99,599.14                                | 99,599.14                             | 3,214.42                   | 96,384.72                 |

OPERATIONS WITHIN CAPS (CONTINUED)

- Celebration of Public Events:
- Other Expenses
- Uniform Construction Code Enforcement Functions:
- Salaries and Wages
- Other Expenses
- Utilities:
- Electricity
- Street Lighting
- Telephone
- Natural Gas
- Gasoline
- Sanitary Landfill

STATUTORY EXPENDITURES WITHIN CAPS:

- Contribution to:
- Social Security System (O.A.S.I.)
- Defined Contribution Retirement Program
- Unemployment and Disability Insurance
- Total Appropriations within Caps

|  |                        |                        |                      |                        |
|--|------------------------|------------------------|----------------------|------------------------|
|  | \$ 38,237.85           | \$ 38,237.85           |                      | \$ 38,237.85           |
|  | 5,000.00               | 5,000.00               |                      | 5,000.00               |
|  | 5,765.23               | 5,765.23               |                      | 5,765.23               |
|  | <u>\$ 1,260,394.04</u> | <u>\$ 1,260,394.04</u> | <u>\$ 175,560.41</u> | <u>\$ 1,084,833.63</u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|   | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|---|--|---------------------------------------|----------------------------|---------------------------|
| <u>OPERATIONS EXCLUDED FROM CAPS</u>    |  |                                       |                            |                           |
| Length of Service Award Program         | \$ 17,231.00                             | \$ 17,231.00                          | \$ 7,631.00                | \$ 9,600.00               |
| Recycling Tax                           | 7,000.00                                 | 7,000.00                              |                            | 7,000.00                  |
| Interlocal Municipal Service Agreements |  |                                       |                            |                           |
| Shared Services Agreements:             |  |                                       |                            |                           |
| Assessment Services:                    |  |                                       |                            |                           |
| Other Expenses                          | 4,732.50                                 | 4,732.50                              |                            | 4,732.50                  |
| Tax Collection Services:                |  |                                       |                            |                           |
| Other Expenses                          | 5,000.00                                 | 5,000.00                              |                            | 5,000.00                  |
| Matching Funds for Grants               | 2,500.00                                 | 2,500.00                              |                            | 2,500.00                  |
| Total Appropriations Excluded from Caps | <u>36,463.50</u>                         | <u>36,463.50</u>                      | <u>7,631.00</u>            | <u>28,832.50</u>          |
|   | \$ <u>1,296,857.54</u>                   | \$ <u>1,296,857.54</u>                | \$ <u>183,191.41</u>       | \$ <u>1,113,666.13</u>    |

REF.

A-1

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

|                               | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>BALANCE<br/>AFTER<br/>TRANSFER</u> | <u>PAID OR<br/>CHARGED</u> | <u>BALANCE<br/>LAPSED</u> |
|-------------------------------|-------------|--|---------------------------------------|----------------------------|---------------------------|
| Appropriation Reserves - 2016 | A           | \$ 1,276,597.12                          |                                       |                            |                           |
| Reserve for Encumbrances      | A-22        | <u>20,260.42</u>                         |                                       |                            |                           |
|                               |             | \$ <u>1,296,857.54</u>                   |                                       |                            |                           |
| Accounts Payable              | A-21        |  |                                       | \$ 345.14                  |                           |
| Disbursements                 | A-4         |  |                                       | <u>182,846.27</u>          |                           |
|                               |             |  |                                       | \$ <u>183,191.41</u>       |                           |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF INTERFUNDS

| REF.   | TOTAL<br>(MEMO ONLY) | ANIMAL<br>CONTROL<br>TRUST<br>FUND | OTHER<br>TRUST<br>FUND | GENERAL<br>CAPITAL<br>FUND | WATER - SEWER<br>UTILITY<br>OPERATING<br>FUND | WATER - SEWER<br>UTILITY<br>CAPITAL<br>FUND | PAYROLL<br>FUND |
|--|----------------------|------------------------------------|------------------------|----------------------------|---|---|-----------------|
| A  | \$ 76,724.02         | \$ 176.02                          | \$ (17,832.76)         | \$ (116,598.68)            | \$ 208,982.80                                 | \$  | \$ 1,996.64     |
| Balance December 31, 2016 - Due From/(Due To)  |                      |                                    |                        |                            |   |   |                 |
| Increased/Decreased by:                        |                      |                                    |                        |                            |   |   |                 |
| Statutory Excess in Reserve for Animal Control |                      |                                    |                        |                            |   |   |                 |
| A-2  | 36.12                | 36.12                              |                        |                            |   |   |                 |
| Trust Fund Expenditures                        |                      |                                    |                        |                            |   |   |                 |
| A-4  | 1,436,442.36         |                                    | 13,777.42              | 115,046.61                 | 555,625.33                                    | 751,993.00                                  |                 |
|  | 1,436,478.48         | 36.12                              | 13,777.42              | 115,046.61                 | 555,625.33                                    | 751,993.00                                  |                 |
|  | 1,513,202.50         | 212.14                             | (4,055.34)             | (1,552.07)                 | 764,608.13                                    | 751,993.00                                  | 1,996.64        |
| Total Increases/Decreases and Balances         |                      |                                    |                        |                            |   |   |                 |
| Decreased/Increased by:                        |                      |                                    |                        |                            |   |   |                 |
| Receipts                                       |                      |                                    |                        |                            |   |   |                 |
| A-4  | 1,246,667.28         |                                    | 12,548.77              | 172,941.31                 | 559,184.20                                    | 501,993.00                                  |                 |
| A  | 266,535.22           | 212.14                             | (16,604.11)            | (174,493.38)               | 205,423.93                                    | 250,000.00                                  | 1,996.64        |
| Balance December 31, 2017 - Due From/(Due To)  |                      |                                    |                        |                            |   |   |                 |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

|                                      | <u>REF.</u> |                         |
|--------------------------------------|-------------|-------------------------|
| Increased by:                        |             |                         |
| Transfer from Appropriation Reserves | A-19        | \$ <u>345.14</u>        |
| Balance December 31, 2017            | A           | \$ <u><u>345.14</u></u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|                                    | <u>REF.</u> | <u>CURRENT FUND</u> | <u>GRANT FUND</u>  |
|------------------------------------|-------------|---------------------|--------------------|
| Balance December 31, 2016          | A           | \$ 20,260.42        | \$                 |
| Increased by:                      |             |                     |                    |
| Transfer from:                     |             |                     |                    |
| 2017 Budget Appropriations         | A-3         | 42,496.86           |                    |
| Grant Appropriated Reserves        | A-26        |                     | 6,246.00           |
|                                    |             | <u>62,757.28</u>    | <u>6,246.00</u>    |
| Decreased by:                      |             |                     |                    |
| Transfer to Appropriation Reserves | A-19        | <u>20,260.42</u>    |                    |
| Balance December 31, 2017          | A           | <u>\$ 42,496.86</u> | <u>\$ 6,246.00</u> |

SCHEDULE OF MISCELLANEOUS RESERVES

|  | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>INCREASE/<br/>(DECREASE)</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|--|--|---------------------------------|--|
| CDBG 12th & 13th St. Walkways<br>Revaluation | \$ 10,366.54                             | \$ (10,366.54)                  | \$                                       |
|  | <u>16,235.25</u>                         | <u>(16,235.25)</u>              |  |
|  | <u>\$ 26,601.79</u>                      | <u>\$ (26,601.79)</u>           | <u>\$</u>                                |
| <u>REF.</u>                                  | A  | A-1                             | A  |

BOROUGH OF SHIP BOTTOM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF INTERFUNDS

|   | <u>REF.</u>   |                     |
|---|---------------|---------------------|
| Balance December 31, 2016 - Due From/(Due To) | A             | \$ <u>67,962.61</u> |
| Increased/Decreased by:                       |               |                     |
| Cancelled Grant Appropriated Reserves         | A-1:A-26      | 22,132.67           |
| Disbursements by Current Fund                 | A-4:A-26:B-4  | 13,782.60           |
| 2017 Budget Revenues Realized                 | A-2:A-25      | <u>37,687.73</u>    |
| Total Increases/Decreases                     |               | <u>73,603.00</u>    |
| Total Increases/Decreases and Balances        |               | <u>(5,640.39)</u>   |
| Decreased/Increased by:                       |               |                     |
| Cancelled Grant Receivables                   | A-1:A-25      | 425.00              |
| Receipts in Current Fund                      | A-4:A-25:A-27 | 28,582.58           |
| 2017 Budget Appropriations                    | A-3:A-26      | 37,687.73           |
| Receipts in Trust Other Fund                  | B-4           | <u>5,757.01</u>     |
| Total Decreases/Increases                     |               | <u>72,452.32</u>    |
| Balance December 31, 2017 - Due From/(Due To) | A             | \$ <u>66,811.93</u> |
| Interfund - Current Fund                      |               | \$ 61,054.92        |
| Interfund - Trust Other Fund                  |               | <u>5,757.01</u>     |
|   |               | <u>\$ 66,811.93</u> |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

|                                       | BALANCE<br>DECEMBER<br>31, 2016 | 2017 BUDGET<br>REVENUE<br>REALIZED | RECEIPTS            | UNAPPROPRIATED<br>RESERVE<br>APPLIED | CANCELED         | BALANCE<br>DECEMBER<br>31, 2017 |
|---------------------------------------|---------------------------------|------------------------------------|---------------------|--------------------------------------|------------------|---------------------------------|
| Alcohol Education Rehabilitation Fund | \$                              | \$ 846.04                          | \$                  | \$ 846.04                            | \$               | \$                              |
| Body Armor Replacement Fund           |                                 | 1,382.18                           |                     | 1,382.18                             |                  |                                 |
| Clean Communities Program             |                                 | 9,628.81                           | 9,628.81            |                                      |                  |                                 |
| Click It or Ticket                    | 25.00                           |                                    |                     |                                      | 25.00            |                                 |
| Coastal Zone Management Program       |                                 | 15,000.00                          |                     | 15,000.00                            |                  |                                 |
| Community Development Block Grant     | 33,000.00                       |                                    |                     |                                      |                  | 33,000.00                       |
| Cops in Shops                         | 400.00                          | 3,600.00                           | 3,600.00            |                                      | 400.00           |                                 |
| Drunk Driving Enforcement Fund        |                                 | 825.00                             |                     | 825.00                               |                  |                                 |
| OEM Message Board                     | 17,000.00                       |                                    |                     |                                      |                  | 17,000.00                       |
| Recycling Revenue and Residue         |                                 | 6,405.70                           |                     | 6,405.70                             |                  |                                 |
|                                       | <u>\$ 50,425.00</u>             | <u>\$ 37,687.73</u>                | <u>\$ 13,228.81</u> | <u>\$ 24,458.92</u>                  | <u>\$ 425.00</u> | <u>\$ 50,000.00</u>             |
| <u>REF.</u>                           | A                               | A-24                               | A-24                | A-27                                 | A-24             | A                               |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - APPROPRIATED

|                                       | BALANCE<br>DECEMBER<br>31, 2016 | 2017 BUDGET<br>APPROPRIATION | PAID OR<br>CHARGED  | CANCELED            | BALANCE<br>DECEMBER<br>31, 2017 |
|---------------------------------------|---------------------------------|------------------------------|---------------------|---------------------|---------------------------------|
| Alcohol Education Rehabilitation Fund | \$ 5,757.01                     | \$ 846.04                    | \$                  | \$                  | \$ 6,603.05                     |
| Body Armor Replacement Fund           | 4,051.51                        | 1,382.18                     |                     |                     | 5,433.69                        |
| Clean Communities Program             | 29,950.75                       | 9,628.81                     | 8,025.59            |                     | 31,553.97                       |
| Click It or Ticket                    | 5,000.00                        |                              |                     | 5,000.00            |                                 |
| Coastal Zone Management Program       |                                 | 15,000.00                    |                     |                     | 15,000.00                       |
| Community Development Block Grant     | 507.50                          |                              |                     |                     | 507.50                          |
| Cops in Shops                         | 4,000.00                        | 3,600.00                     |                     | 7,600.00            |                                 |
| Drunk Driving Enforcement Fund        | 13,894.29                       | 825.00                       |                     |                     | 14,719.29                       |
| Ocean County Tourism Grant            | 9,532.67                        |                              |                     | 9,532.67            |                                 |
| Recycling Enhancement Grant           | 2,478.50                        |                              |                     |                     | 2,478.50                        |
| Recycling Revenue and Residue         | 6,308.56                        | 6,405.70                     | 6,246.00            |                     | 6,468.26                        |
| Recycling Tonnage Grant               | 12,447.90                       |                              |                     |                     | 12,447.90                       |
|                                       | <u>\$ 93,928.69</u>             | <u>\$ 37,687.73</u>          | <u>\$ 14,271.59</u> | <u>\$ 22,132.67</u> | <u>\$ 95,212.16</u>             |
| <u>REF.</u>                           | A                               | A-24                         |                     | A-24                | A                               |
| Reserve for Encumbrances              |                                 |                              | \$ 6,246.00         |                     |                                 |
| Disbursements                         |                                 |                              | <u>8,025.59</u>     |                     |                                 |
|                                       |                                 |                              | <u>\$ 14,271.59</u> |                     |                                 |

BOROUGH OF SHIP BOTTOM

CURRENT FUND

FEDERAL AND STATE GRANT FUND

SCHEDULE OF GRANTS - UNAPPROPRIATED

|                                       | BALANCE<br>DECEMBER<br>31, 2016 | RECEIPTS            | APPLICATION<br>TO GRANTS<br>RECEIVABLE | BALANCE<br>DECEMBER<br>31, 2017 |
|---------------------------------------|---------------------------------|---------------------|--|---------------------------------|
| Alcohol Education Rehabilitation Fund | \$ 846.04                       | \$                  | \$ 846.04                              | \$                              |
| Body Armor Replacement Fund           | 1,382.18                        | 1,383.80            | 1,382.18                               | 1,383.80                        |
| Coastal Zone Management Program       | 15,000.00                       |                     | 15,000.00                              |                                 |
| Drunk Driving Enforcement Fund        | 825.00                          |                     | 825.00                                 |                                 |
| Recycling Revenue and Residue         | 6,405.70                        | 6,496.21            | 6,405.70                               | 6,496.21                        |
| Recycling Tonnage Grant               |                                 | 7,473.76            |  | 7,473.76                        |
|                                       | <u>\$ 24,458.92</u>             | <u>\$ 15,353.77</u> | <u>\$ 24,458.92</u>                    | <u>\$ 15,353.77</u>             |
| <u>REF.</u>                           | A                               | A-24                | A-25                                   | A                               |

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF CASH

|                             | <u>REF.</u> | <u>ANIMAL<br/>CONTROL<br/>TRUST<br/>FUND</u> | <u>TRUST<br/>OTHER<br/>FUND</u> |
|-----------------------------|-------------|--|---------------------------------|
| Balance, December 31, 2016  | B           | \$ <u>469.62</u>                             | \$ <u>420,755.09</u>            |
| Increased by Receipts:      |             |  |                                 |
| Animal Control License Fees | B-2         | 220.40                                       |                                 |
| State Registration Fees     | B-3         | 51.60  |                                 |
| Interfunds                  | B-4         |  | 19,534.43                       |
| Miscellaneous Reserves      | B-6         |  | 539,403.01                      |
|                             |             | <u>272.00</u>                                | <u>558,937.44</u>               |
|                             |             | <u>741.62</u>                                | <u>979,692.53</u>               |
| Decreased by Disbursements: |             |  |                                 |
| Animal Control Expenditures | B-2         | 7.00   |                                 |
| State Registration Fees     | B-3         | 50.40  |                                 |
| Interfunds                  | B-4         |  | 12,548.77                       |
| Miscellaneous Reserves      | B-6         |  | 501,769.25                      |
|                             |             | <u>57.40</u>                                 | <u>514,318.02</u>               |
| Balance, December 31, 2017  | B           | \$ <u>684.22</u>                             | \$ <u>465,374.51</u>            |

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

|                                       | <u>REF.</u> |              |                  |
|---------------------------------------|-------------|--------------|------------------|
| Balance, December 31, 2016            | B           |              | \$ 293.60        |
| Increased by:                         |             |              |                  |
| Animal Control License Fees Collected | B-1         |              | <u>220.40</u>    |
|                                       |             |              | 514.00           |
| Decreased by:                         |             |              |                  |
| Expenditures Under R.S. 4:19-15.11:   |             |              |                  |
| Cash                                  | B-1         | \$ 7.00      |                  |
| Statutory Excess Due Current Fund     | B-4         | 36.12        |                  |
| Reserve for Encumbrances              | B-5         | <u>62.88</u> |                  |
|                                       |             |              | <u>106.00</u>    |
| Balance, December 31, 2017            | B           |              | \$ <u>408.00</u> |

License Fees Collected

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2016        | \$ <u>243.60</u> |
| 2015        | <u>164.40</u>    |
|             | \$ <u>408.00</u> |

SCHEDULE OF DUE STATE OF NEW JERSEY

|   |     |  |                |
|---|-----|--|----------------|
| Decreased by:                           |     |  |                |
| Receipts - State Registration Fees      | B-1 |  | \$ 51.60       |
| Increased by:                           |     |  |                |
| Disbursements - State Registration Fees | B-1 |  | <u>50.40</u>   |
| Balance, December 31, 2017              | B   |  | \$ <u>1.20</u> |

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF INTERFUNDS

|  | <u>REF.</u> | <u>TOTAL<br/>(MEMO ONLY)</u> | <u>ANIMAL<br/>CONTROL<br/>TRUST<br/>FUND</u> | <u>TRUST<br/>OTHER<br/>FUND</u> |
|--|-------------|------------------------------|--|---------------------------------|
| Balance December 31, 2016 - Due From/(Due To)  | B           | \$ 17,656.74                 | \$ (176.02)                                  | \$ 17,832.76                    |
| Increased/Decreased by:                        |             |                              |  |                                 |
| Receipts                                       | B-1         | 19,534.43                    |  | 19,534.43                       |
| Statutory Excess in Reserve for Animal Control |             |                              |  |                                 |
| Trust Fund Expenditures                        | B-2         | 36.12                        | 36.12  |                                 |
|  |             | <u>(1,913.81)</u>            | <u>(212.14)</u>                              | <u>(1,701.67)</u>               |
| Decreased/Increased by:                        |             |                              |  |                                 |
| Disbursements                                  | B-1         | <u>12,548.77</u>             |  | <u>12,548.77</u>                |
| Balance December 31, 2017 - Due From/(Due To)  | B           | \$ <u>10,634.96</u>          | \$ <u>(212.14)</u>                           | \$ <u>10,847.10</u>             |
| Due From/(Due To) Current Fund                 |             |                              | \$ (212.14)                                  | 16,604.11                       |
| (Due To) Grant Fund                            |             |                              |  | <u>(5,757.01)</u>               |
|  |             |                              | \$ <u>(212.14)</u>                           | \$ <u>10,847.10</u>             |

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|  |     |  | <u>ANIMAL<br/>CONTROL<br/>TRUST<br/>FUND</u> | <u>TRUST<br/>OTHER<br/>FUND</u> |
|--|-----|--|--|---------------------------------|
| Balance December 31, 2016                | B   |  |  | \$ 662.00                       |
| Increased by:                            |     |  |  |                                 |
| Transfer from Reserve for Animal Control |     |  |  |                                 |
| Trust Fund Expenditures                  | B-2 |  | 62.88  |                                 |
| Transfer from Miscellaneous Reserves     | B-6 |  |  | <u>2,300.00</u>                 |
|  |     |  | <u>62.88</u>                                 | <u>2,962.00</u>                 |
| Decreased by:                            |     |  |  |                                 |
| Transfer to Miscellaneous Reserves       | B-6 |  |  | <u>662.00</u>                   |
| Balance December 31, 2017                | B   |  | \$ <u>62.88</u>                              | \$ <u>2,300.00</u>              |

BOROUGH OF SHIP BOTTOM

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

|                                       | BALANCE<br>DECEMBER<br>31, 2016 | INCREASE             | DECREASE             | BALANCE<br>DECEMBER<br>31, 2017 |
|---------------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|
| Anchor Maintenance                    | \$ 7,897.66                     |                      |                      | \$ 7,897.66                     |
| Beach Patrol/LIT                      | 11,158.51                       | 34,385.00            | 43,638.65            | 1,904.86                        |
| Beach Wheels                          | 260.50                          |                      |                      | 260.50                          |
| Cash Bonds                            | 120,630.86                      | 102,241.05           | 70,514.94            | 152,356.97                      |
| Compensated Absences                  | 110,775.44                      | 30,000.00            |                      | 140,775.44                      |
| Disposal of Forfeited Property        | 39,126.64                       |                      |                      | 39,126.64                       |
| Off Duty Police                       | 44,397.00                       | 27,034.00            | 24,714.00            | 46,717.00                       |
| POAA                                  | 3,154.00                        | 112.00               |                      | 3,266.00                        |
| Public Defender Fund                  | 413.11                          | 2,425.50             | 2,400.00             | 438.61                          |
| Reserve for Construction              | 19,706.96                       | 225,192.35           | 232,816.43           | 12,082.88                       |
| Special Events                        | 22,621.54                       | 16,890.00            | 29,116.13            | 10,395.41                       |
| Tax Sale Premiums                     | 20,000.00                       | 76,605.09            | 67,805.09            | 28,800.00                       |
| Time Capsule                          | 413.17                          |                      |                      | 413.17                          |
| Walk of Names                         | 11,586.24                       | 8,995.00             | 9,222.60             | 11,358.64                       |
| McTeague Green Acres Restricted Funds | 12,042.83                       |                      | 5,980.00             | 6,062.83                        |
| Tower Bonds                           | 3,915.00                        |                      |                      | 3,915.00                        |
| Curbing Bonds                         | 9,826.39                        | 15,523.02            | 17,199.41            | 8,150.00                        |
|                                       | <u>\$ 437,925.85</u>            | <u>\$ 539,403.01</u> | <u>\$ 503,407.25</u> | <u>\$ 473,921.61</u>            |
|                                       | REF. B                          | B-1                  |                      | B                               |
| Disbursements                         |                                 |                      | \$ 501,769.25        |                                 |
| Reserve for Encumbrances              |                                 |                      | 2,300.00             |                                 |
| Reserve for Encumbrances              |                                 |                      | (662.00)             |                                 |
|                                       |                                 |                      | <u>\$ 503,407.25</u> |                                 |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CASH

|  | <u>REF.</u> |                   |                        |
|--|-------------|-------------------|------------------------|
| Balance, December 31, 2016                   | C           |                   | \$ 342,381.01          |
| Increased by:                                |             |                   |                        |
| Capital Fund Balance                         | C-1         | \$ 23,427.98      |                        |
| Deferred Charges to Future Taxation Unfunded | C-5         | 1,507.00          |                        |
| Grants Receivable                            | C-6         | 57,894.70         |                        |
| Interfunds                                   | C-7         | 3,148,263.93      |                        |
| Serial Bonds Payable                         | C-8         | 1,247,000.00      |                        |
| Capital Improvement Fund                     | C-12        | 150,000.00        |                        |
| Reserve for Debt Service                     | C-13        | <u>162,173.76</u> |                        |
|  |             |                   | <u>4,790,267.37</u>    |
|  |             |                   | 5,132,648.38           |
| Decreased by:                                |             |                   |                        |
| Interfunds                                   | C-7         | \$ 2,631,441.31   |                        |
| Bond Anticipation Notes Payable              | C-9         | 819,895.00        |                        |
| Improvement Authorizations                   | C-11        | 273,328.53        |                        |
| Reserve for Debt Service                     | C-13        | 162,173.76        |                        |
| Capital Reserves                             | C-15        | <u>1,350.08</u>   |                        |
|  |             |                   | <u>3,888,188.68</u>    |
| Balance, December 31, 2017                   | C           |                   | \$ <u>1,244,459.70</u> |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

ANALYSIS OF CASH

|                          | BALANCE<br>DECEMBER<br>31, 2016 | RECEIPTS     | DISBURSEMENTS | TRANSFERS<br>TO | FROM        | BALANCE<br>DECEMBER<br>31, 2017 |
|--------------------------|---------------------------------|--------------|---------------|-----------------|-------------|---------------------------------|
| Fund Balance             | \$ 86,372.39                    | \$ 23,427.98 | \$ 1,350.08   | \$ 3,500.00     | \$ 3,500.00 | \$ 113,300.37                   |
| Capital Reserves         | 4,850.08                        |              |               |                 |             |                                 |
| Reserve for Encumbrances | 152,829.97                      |              | 162,173.76    | 1,246.56        | 152,829.97  | 1,246.56                        |
| Reserve for Debt Service | 268,922.00                      | 150,000.00   |               |                 |             | 418,922.00                      |
| Capital Improvement Fund | (116,598.68)                    | 3,148,263.93 | 2,631,441.31  |                 |             | 400,223.94                      |
| Interfunds               | (111,970.07)                    | 57,894.70    |               |                 |             | (54,075.37)                     |
| Grants Receivable        |                                 | 819,895.00   |               |                 |             |                                 |
| Bond Sale (Contra)       |                                 |              |               |                 |             |                                 |

Improvement Authorizations:

| DATE OR<br>ORDINANCE<br>NUMBER | IMPROVEMENT DESCRIPTION  | REF. | C             | C-2             | C               |
|--------------------------------|--|------|---------------|-----------------|-----------------|
| 02/25/03                       | Acquisition of Beach Truck and Front End Loader,<br>Resurface/Drainage DOT 5th Street and<br>Renovations to Borough Hall |      | 3,076.02      |                 | 3,076.02        |
| 11/20/03                       | Beach Replenishment, Dredging and Breakwater<br>Construction   |      | 92,610.55     |                 | 92,610.55       |
| 02/25/08                       | Various Capital Improvements   |      | (4,500.00)    | 4,500.00        | (8,508.05)      |
| 02/16/12                       | Renovations to Borough Hall  |      | (18,500.00)   | 18,500.00       | 0.00            |
| 09/25/12                       | Construction of New Public Works Facility  |      | (106,112.90)  | 106,112.00      | (2,664.52)      |
| 2013-03                        | Chevy Tahoe/Barber Surf Rake/Reconstruct and<br>Improve Beach Berm   |      | 43,841.92     | 6,113.45        | 37,728.47       |
| 2013-09                        | Reconstruction of Borough Hall and Bulkheads   |      | 31,906.71     | 12,427.72       | 19,478.99       |
| 2014-11 & 12                   | Repairs to Pennsylvania Avenue and West 16th Street  |      | (10,176.89)   | 1,246.56        | (10,176.89)     |
| 2015-14                        | Repairs to 14th Street (DOT)   |      | 164,245.45    | 968.09          | 163,277.36      |
| 2016-17                        | DPW Equipment  |      | (138,415.54)  | 242,647.60      | 70,020.27       |
|                                |  |      | \$ 342,381.01 | \$ 4,790,267.37 | \$ 1,244,459.70 |

REF.

C

C-2

C-2

C

BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - FUNDED

|   | <u>REF.</u> |                               |
|---|-------------|-------------------------------|
| Balance, December 31, 2016                          | C           | \$ 450,396.36                 |
| Increased by:                                       |             |                               |
| Serial Bonds Issued                                 | C-5         | <u>1,247,000.00</u>           |
|   |             | 1,697,396.36                  |
| Decreased by:                                       |             |                               |
| 2017 Budget Appropriations to Pay Bonds             | C-8         | \$ 75,000.00                  |
| 2017 Budget Appropriations to Pay Green Trust Loans | C-10        | <u>16,049.09</u>              |
|   |             | <u>91,049.09</u>              |
| Balance, December 31, 2017                          | C           | \$ <u><u>1,606,347.27</u></u> |



BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE

|                            | <u>REF.</u> |                     |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2016 | C           | \$ 111,970.07       |
| Decreased by:              |             |                     |
| Receipts                   | C-2         | <u>57,894.70</u>    |
| Balance, December 31, 2017 | C           | <u>\$ 54,075.37</u> |

ANALYSIS OF BALANCE

|   |  |                     |
|---|--|---------------------|
| Repairs to Pennsylvania Avenue and West 16th<br>Street (2014-11 & 12) |  | \$ 7,450.37         |
| Repairs to 14th Street (DOT) (2015-14)                                |  | <u>46,625.00</u>    |
|   |  | <u>\$ 54,075.37</u> |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

|  | <u>REF.</u> | <u>TOTAL<br/>(MEMO ONLY)</u> | <u>CURRENT<br/>FUND</u> | <u>UTILITY<br/>CAPITAL<br/>FUND</u> |
|--|-------------|------------------------------|-------------------------|-------------------------------------|
| Balance, December 31, 2016 - Due From/(Due To) | C           | \$ 116,598.68                | \$ 116,598.68           | \$                                  |
| Increased/Decreased by:                        |             |                              |                         |                                     |
| Receipts                                       | C-2         | <u>3,148,263.93</u>          | <u>115,046.61</u>       | <u>3,033,217.32</u>                 |
| Decreased/Increased by:                        |             |                              |                         |                                     |
| Disbursements                                  | C-2         | <u>3,264,862.61</u>          | <u>1,552.07</u>         | <u>(3,033,217.32)</u>               |
| Balance, December 31, 2017 - Due From/(Due To) | C           | <u>\$ (400,223.94)</u>       | <u>\$ 174,493.38</u>    | <u>\$ (574,717.32)</u>              |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

| PURPOSE   | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS<br>OUTSTANDING<br>DECEMBER 31, 2017 | INTEREST RATE | BALANCE DECEMBER 31, 2016 | INCREASED       | DECREASED    | BALANCE DECEMBER 31, 2017 |
|---|---------------|----------------|---|---------------|---------------------------|-----------------|--------------|---------------------------|
|   |               |                |   |               |                           |                 |              |                           |
| General Improvement Bonds Series 2004<br>Series 2017A | 12/01/04      | \$ 985,000.00  | \$ 90,000.00  | 3.800%        | \$                        | \$              | \$           |                           |
|   | 05/01/19      | 90,000.00      | 90,000.00   | 4.000%        | 255,000.00                |                 | 75,000.00    | 180,000.00                |
|   | 09/15/18      | 842,000.00     | 38,000.00   | 3.000%        |                           |                 |              |                           |
|   | 09/15/19      |                | 39,000.00   | 4.000%        |                           |                 |              |                           |
|   | 09/15/20      |                | 60,000.00   | 4.000%        |                           |                 |              |                           |
|   | 9/15/21-22    |                | 65,000.00   | 4.000%        |                           |                 |              |                           |
|   | 9/15/23-25    |                | 70,000.00   | 4.000%        |                           |                 |              |                           |
|   | 9/15/26-27    |                | 70,000.00   | 2.000%        |                           |                 |              |                           |
|   | 09/15/28      |                | 75,000.00   | 2.125%        |                           |                 |              |                           |
|   | 09/15/29      |                | 75,000.00   | 2.250%        |                           |                 |              |                           |
|   | 09/15/30      |                | 75,000.00   | 3.000%        |                           |                 |              |                           |
|   | 09/15/18-21   |                | 15,000.00   | 4.000%        | 842,000.00                |                 |              | 842,000.00                |
|   | 9/15/22-26    |                | 20,000.00   | 4.000%        |                           |                 |              |                           |
|   | 09/15/27      |                | 25,000.00   | 3.000%        |                           |                 |              |                           |
| 09/15/28  |               | 25,000.00      | 3.100%  |               |                           |                 |              |                           |
| 09/15/29  |               | 25,000.00      | 3.200%  |               |                           |                 |              |                           |
| 09/15/30  |               | 25,000.00      | 3.250%  |               |                           |                 |              |                           |
| 09/15/31  |               | 25,000.00      | 3.300%  |               |                           |                 |              |                           |
| 09/15/32  |               | 30,000.00      | 3.350%  |               |                           |                 |              |                           |
| 09/15/33  |               | 30,000.00      | 3.400%  |               |                           |                 |              |                           |
| 09/15/34  |               | 30,000.00      | 3.450%  |               |                           |                 |              |                           |
| 09/15/35  |               | 30,000.00      | 3.500%  |               |                           |                 |              |                           |
|   |               |                |   |               | \$ 255,000.00             | \$ 1,247,000.00 | \$ 75,000.00 | \$ 1,427,000.00           |

REF.

C

C-2

C-4

C

BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| DATE OR ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION  | DATE OF ORIGINAL NOTE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE           |                   |
|--------------------------|--|-----------------------|---------------|------------------|---------------|-------------------|-------------------|
|                          |  |                       |               |                  |               | DECEMBER 31, 2016 | DECEMBER 31, 2017 |
| 04/25/95                 | Purchase and Installation of Recreation Equipment  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | \$ 17,940.00      | \$ 5,980.00       |
| 09/24/96                 | Acquisition and Installation of Recreation Equipment and Development of Recreation Area - Green Acres                                      | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 14,353.10         | 4,784.37          |
| 04/28/98                 | Reconstruction of 11th Street and Ship Bottom Avenue   | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 11,040.01         | 3,680.00          |
| 02/09/99                 | Various Street Improvements  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 4,470.00          | 1,490.00          |
| 02/22/00                 | Upgrades and Improvements to Municipal Building  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 8,054.86          | 2,684.95          |
| 04/25/00                 | Purchase of DPW Heavy Truck  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 5,360.92          | 1,786.97          |
| 08/22/00                 | Road Reconstruction and Drainage Improvements  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 4,200.00          | 1,400.00          |
| 07/14/05                 | Purchase of 2 4WD Construction Code Vehicles   | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 5,512.12          | 1,837.38          |
| 03/28/06                 | Purchase of Public Works Truck   | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 5,892.60          | 1,964.20          |
| 06/27/06                 | Improvements to 76th Street  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 50,895.64         | 16,965.22         |
| 07/25/06                 | Purchase of Police Department Truck  | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 5,275.80          | 1,758.60          |
| 10/24/06                 | Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities | 12/31/09              | 12/31/17      | 12/31/18         | 0.0000%       | 44,520.00         | 14,640.00         |
| 09/25/12                 | Construction of New Public Works Facility  | 12/31/12              | 12/31/17      | 12/31/18         | 0.0000%       | 366,645.74        | 61,107.63         |
| 10/25/11                 | Improvement of North Shore Avenue  | 12/31/13              | 12/31/17      | 12/31/18         | 0.0000%       | 69,539.60         | 9,934.23          |
| 2013-03                  | Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm  | 12/31/13              | 12/31/17      | 12/31/18         | 0.0000%       | 171,111.12        | 24,444.44         |
| 2013-09                  | Reconstruction of Borough Hall and Bulkheads   | 12/31/13              | 12/31/17      | 12/31/18         | 0.0000%       | 155,555.56        | 22,222.22         |
| 10/24/06                 | Acquisition and Installation of Recreation Equipment, Computer Equipment/Software; Renovations and Improvements to Public Works Facilities | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 11,200.00         | 11,200.00         |
| 04/24/07                 | Improvements to 19th Street  | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 36,000.00         | 36,000.00         |
| 02/25/08                 | Various Capital Improvements   | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 192,000.00        | 192,000.00        |
| 03/25/08                 | Purchase Beach Operations Truck  | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 12,000.00         | 12,000.00         |
| 03/24/09                 | Improvement of 12th St. & North Shore Avenue   | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 4,800.00          | 4,800.00          |
| 02/22/11                 | Purchase of Tractor  | 09/24/14              | 09/22/16      | 09/22/17         | 1.4000%       | 60,000.00         | 60,000.00         |
| 04/27/10                 | Improvement to W 13th Street   | 09/24/14              | 09/22/16      | 09/22/17         | 1.5000%       | 40,000.00         | 40,000.00         |
| 05/17/11                 | Reconstruction of Street-End Bulkheads   | 09/24/14              | 09/22/16      | 09/22/17         | 1.5000%       | 113,600.00        | 113,600.00        |
| 02/16/12                 | Renovations to Borough Hall  | 09/24/14              | 09/22/16      | 09/22/17         | 1.5000%       | 151,200.00        | 151,200.00        |
| 2013-03                  | Chevy Tahoe/Barber Surf Rake/Reconstruct and Improve Beach Berm  | 09/24/14              | 09/22/16      | 09/22/17         | 1.5000%       | 69,480.00         | 69,480.00         |
| 2013-09                  | Reconstruction of Borough Hall and Bulkheads   | 10/29/15              | 09/22/16      | 09/22/17         | 1.5000%       | 29,600.00         | 29,600.00         |
| 2015-14                  | Repairs to 14th Street (DOT)   |                       |               |                  |               | 213,750.00        | 213,750.00        |
|                          |  |                       |               |                  |               | \$ 1,873,997.07   | \$ 1,110,510.21   |
|                          |  |                       |               |                  |               |                   | \$ 763,486.86     |

C

C

REF.

C-2

C-5

Paid from Bond Funds

Paid by Budget Appropriation

\$ 819,895.00

290,615.21

\$ 1,110,510.21

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

| <u>PURPOSE</u>   | <u>DATE OF ISSUE</u> | <u>MATURITIES OF LOANS OUTSTANDING</u> | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>BALANCE DECEMBER 31, 2017</u> | <u>DECREASED</u> |
|------------------|----------------------|--|----------------------|----------------------------------|----------------------------------|------------------|
|                  |                      |  |                      |                                  |                                  |                  |
| Green Trust 2007 | 2007                 | See C-10 - Sheet 2                     | 2.00%                | \$ 195,396.36                    | \$ 179,347.27                    | \$ 16,049.09     |
|                  |                      |  |                      | \$ 195,396.36                    | \$ 179,347.27                    | \$ 16,049.09     |
|                  |                      |  | <u>REF.</u>          | C                                | C                                | C-4              |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

MATURITY SCHEDULE \$319,655 GREEN TRUST - 2007 - WATERFRONT PARK

| <u>DUE</u>   | <u>LOAN<br/>BALANCE</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>     | <u>PAYMENT</u>       |
|--------------|-------------------------|----------------------|---------------------|----------------------|
| 02/05/18     | \$ 179,347.27           | \$ 8,145.11          | \$ 1,793.47         | \$ 9,938.58          |
| 08/05/18     | 171,202.16              | 8,226.56             | 1,712.02            | 9,938.58             |
| 02/05/19     | 162,975.60              | 8,308.83             | 1,629.76            | 9,938.59             |
| 08/05/19     | 154,666.77              | 8,391.92             | 1,546.67            | 9,938.59             |
| 02/05/20     | 146,274.85              | 8,475.84             | 1,462.75            | 9,938.59             |
| 08/05/20     | 137,799.01              | 8,560.59             | 1,377.99            | 9,938.58             |
| 02/05/21     | 129,238.42              | 8,646.20             | 1,292.38            | 9,938.58             |
| 08/05/21     | 120,592.22              | 8,732.66             | 1,205.92            | 9,938.58             |
| 02/05/22     | 111,859.56              | 8,819.99             | 1,118.60            | 9,938.59             |
| 08/05/22     | 103,039.57              | 8,908.19             | 1,030.40            | 9,938.59             |
| 02/05/23     | 94,131.38               | 8,997.27             | 941.31              | 9,938.58             |
| 08/05/23     | 85,134.11               | 9,087.24             | 851.34              | 9,938.58             |
| 02/05/24     | 76,046.87               | 9,178.12             | 760.47              | 9,938.59             |
| 08/05/24     | 66,868.75               | 9,269.90             | 668.69              | 9,938.59             |
| 02/05/25     | 57,598.85               | 9,362.60             | 575.99              | 9,938.59             |
| 08/05/25     | 48,236.25               | 9,456.22             | 482.36              | 9,938.58             |
| 02/05/26     | 38,780.03               | 9,550.78             | 387.80              | 9,938.58             |
| 08/05/26     | 29,229.25               | 9,646.29             | 292.29              | 9,938.58             |
| 02/05/27     | 19,582.96               | 9,742.75             | 195.83              | 9,938.58             |
| 08/05/27     | 9,840.21                | 9,840.18             | 98.40               | 9,938.58             |
|              |                         | <u>179,347.24</u>    | <u>19,424.44</u>    | <u>198,771.68</u>    |
| Rounding     |                         | .03                  |                     | .03                  |
| <u>TOTAL</u> |                         | <u>\$ 179,347.27</u> | <u>\$ 19,424.44</u> | <u>\$ 198,771.71</u> |

BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| DATE OR<br>ORDINANCE<br>NUMBER | IMPROVEMENT DESCRIPTION  | ORDINANCE<br>DATE | AMOUNT        | BALANCE<br>DECEMBER<br>31, 2016 |                 | PAID OR<br>CHARGED | CANCELLED   | BALANCE<br>DECEMBER<br>31, 2017 |                 |
|--------------------------------|--|-------------------|---------------|---------------------------------|-----------------|--------------------|-------------|---------------------------------|-----------------|
|                                |  |                   |               | FUNDED                          | UNFUNDED        |                    |             | FUNDED                          | UNFUNDED        |
| 02/25/03                       | Acquisition of Beach Truck and Front End Loader,<br>Resurfacing/Drainage DOT 5th Street and<br>Renovations to Borough Hall | 02/25/03          | \$ 785,000.00 | \$ 3,076.02                     | \$              | \$                 | \$          | \$ 3,076.02                     | \$              |
| 11/20/03                       | Beach Replenishment, Dredging and Breakwater<br>Construction   | 11/20/03          | 225,000.00    | 92,610.55                       |                 |                    |             | 92,610.55                       |                 |
| 02/25/08                       | Various Capital Improvements   | 02/25/08          | 425,000.00    | 11,906.29                       |                 | 8,508.05           | 3,398.24    |                                 |                 |
| 09/22/09                       | Construction of New Borough Hall   | 09/22/09          | 5,500,000.00  | 5,500,000.00                    |                 |                    |             |                                 | 5,500,000.00    |
| 09/25/12                       | Construction of New Public Works Facility  | 09/25/12          | 650,000.00    | 2,663.62                        |                 | 2,663.62           |             |                                 |                 |
| 2013-03                        | Chevy Tahoe/Barber Surf Rake/Reconstruct and<br>Improve Beach Berm   | 03/26/13          | 323,000.00    | 43,841.92                       |                 | 6,113.45           |             |                                 | 37,728.47       |
| 2013-09                        | Reconstruction of Borough Hall and Bulkheads   | 07/23/13          | 250,000.00    | 32,406.71                       |                 | 12,427.72          |             | 19,478.99                       | 500.00          |
| 2014-11 & 12                   | Repairs to Pennsylvania Avenue and West 16th Street  | 11/25/14          | 300,000.00    | 53,066.11                       |                 |                    |             |                                 | 53,066.11       |
| 2015-14                        | Repairs to 14th Street (DOT)   | 08/25/15          | 436,500.00    | 164,245.45                      |                 | 968.09             |             | 163,277.36                      |                 |
| 2016-17                        | DPW Equipment  | 08/23/16          | 350,000.00    | 194,084.46                      |                 | 91,064.19          |             | 70,020.27                       | 33,000.00       |
|                                |  |                   |               | \$ 95,686.57                    | \$ 6,002,214.56 | \$ 121,745.12      | \$ 3,398.24 | \$ 348,463.19                   | \$ 5,624,294.58 |
|                                |  |                   |               | C                               | C               |                    | C-5         | C                               | C               |
|                                |  |                   | REF.          |                                 |                 |                    |             |                                 |                 |
|                                | Disbursements  |                   | C-2           |                                 |                 | \$ 273,328.53      |             |                                 |                 |
|                                | Reserve for Encumbrances   |                   | C-14          |                                 |                 | 1,246.56           |             |                                 |                 |
|                                | Reserve for Encumbrances   |                   | C-14          |                                 |                 | (152,829.97)       |             |                                 |                 |
|                                |  |                   |               |                                 |                 | \$ 121,745.12      |             |                                 |                 |

"C-12"

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

|                            | <u>REF.</u> |                      |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2016 | C           | \$ 268,922.00        |
| Increased by:              |             |                      |
| 2017 Budget Appropriation  | C-2         | <u>150,000.00</u>    |
| Balance, December 31, 2017 | C           | <u>\$ 418,922.00</u> |

"C-13"

SCHEDULE OF RESERVE FOR DEBT SERVICE

|               |     |                      |
|---------------|-----|----------------------|
| Increased by: |     |                      |
| Receipts      | C-2 | <u>\$ 162,173.76</u> |
| Decreased by: |     |                      |
| Disbursements | C-2 | <u>\$ 162,173.76</u> |

"C-14"

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|  |      |                    |
|--|------|--------------------|
| Balance, December 31, 2016               | C    | \$ 152,829.97      |
| Increased by:                            |      |                    |
| Transfer from Improvement Authorizations | C-11 | <u>1,246.56</u>    |
|  |      | 154,076.53         |
| Decreased by:                            |      |                    |
| Transfer to Improvement Authorizations   | C-11 | <u>152,829.97</u>  |
| Balance, December 31, 2017               | C    | <u>\$ 1,246.56</u> |

BOROUGH OF SHIP BOTTOM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL RESERVES

|                                      | <u>BALANCE<br/>DECEMBER<br/>31, 2016</u> | <u>INCREASE/<br/>(DECREASE)</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|--------------------------------------|--|---------------------------------|--|
| Computer Equipment/Software Upgrades | \$ 1,350.08                              | \$ (1,350.08)                   | \$                                       |
| Replace Lentiils & Windows           | <u>3,500.00</u>                          | <u>(3,500.00)</u>               | <u>                    </u>              |
|                                      | <u>\$ 4,850.08</u>                       | <u>\$ (4,850.08)</u>            | <u>\$</u>                                |
|                                      | <u>REF.</u>                              |                                 | <u>C</u>                                 |
| Canceled                             | C-1                                      | \$ 3,500.00                     |  |
| Disbursements                        | C-2                                      | <u>1,350.08</u>                 |  |
|                                      |  | <u>\$ 4,850.08</u>              |  |

BOROUGH OF SHIP BOTTOM

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

| <u>DATE OR<br/>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>                      | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|---|---|--|
| 02/25/08                                | Various Capital Improvements                        | \$ 8,508.05                              |
| 09/22/09                                | Construction of New Borough Hall                    | 5,500,000.00                             |
| 09/25/12                                | Construction of New Public Works Facility           | 2,664.52                                 |
| 2013-09                                 | Reconstruction of Borough Hall and Bulkheads        | 500.00                                   |
| 2014-11 & 12                            | Repairs to Pennsylvania Avenue and West 16th Street | 63,243.00                                |
| 2016-17                                 | DPW Equipment                                       | 33,000.00                                |

\$ 5,607,915.57

REF.

C

BOROUGH OF SHIP BOTTOMWATER - SEWER UTILITY FUNDSCHEDULE OF WATER - SEWER UTILITY CASH

|  | <u>REF.</u> | <u>OPERATING</u>     | <u>CAPITAL</u>       |
|--|-------------|----------------------|----------------------|
| Balance, December 31, 2016                 | D           | \$ <u>536,376.29</u> | \$ <u>207,218.85</u> |
| Increased by Receipts:                     |             |                      |                      |
| Water - Sewer Miscellaneous                | D-3         | 73,486.25            |                      |
| Water Rents Receivable                     | D-7         | 786,335.24           |                      |
| Sewer Rents Receivable                     | D-8         | 965,067.05           |                      |
| Interfunds                                 | D-10        | 555,625.33           |                      |
| Overpayments                               | D-11        | 13,172.31            |                      |
| Fund Balance                               | D-2         |                      | 53,753.32            |
| Interfunds                                 | D-16        |                      | 3,487,905.06         |
| Serial Bonds Payable                       | D-17        |                      | 2,978,000.00         |
| Reserve for Amortization                   | D-22        |                      | 1,464.00             |
|  |             | <u>2,393,686.18</u>  | <u>6,521,122.38</u>  |
|  |             | <u>2,930,062.47</u>  | <u>6,728,341.23</u>  |
| Decreased by Disbursements:                |             |                      |                      |
| Budget Appropriations                      | D-4         | 1,745,151.67         |                      |
| Appropriation Reserves                     | D-9         | 5,269.28             |                      |
| Interfunds                                 | D-10        | 836,596.36           |                      |
| Accrued Interest on Bonds, Notes and Loans | D-12        | 65,543.87            |                      |
| Interfunds                                 | D-16        |                      | 3,535,210.32         |
| Bond Anticipation Notes Payable            | D-18        |                      | 2,458,500.00         |
| Improvement Authorizations                 | D-20        |                      | 668,321.30           |
|  |             | <u>2,652,561.18</u>  | <u>6,662,031.62</u>  |
| Balance, December 31, 2017                 | D           | \$ <u>277,501.29</u> | \$ <u>66,309.61</u>  |



"D-7"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY OPERATING FUND  
SCHEDULE OF WATER RENTS RECEIVABLE

|                            | <u>REF.</u> |                 |                     |
|----------------------------|-------------|-----------------|---------------------|
| Balance, December 31, 2016 | D           |                 | \$ 78,631.68        |
| Increased by:              |             |                 |                     |
| Water Rents Levied         |             |                 | <u>771,266.50</u>   |
|                            |             |                 | 849,898.18          |
| Decreased by:              |             |                 |                     |
| Collection                 | D-5         | \$ 786,335.24   |                     |
| Overpayments Applied       | D-11        | <u>4,356.51</u> |                     |
|                            | D-3         |                 | <u>790,691.75</u>   |
| Balance, December 31, 2017 | D           |                 | <u>\$ 59,206.43</u> |

"D-8"

SCHEDULE OF SEWER RENTS RECEIVABLE

|                            |      |                 |                     |
|----------------------------|------|-----------------|---------------------|
| Balance, December 31, 2016 | D    |                 | \$ 92,945.20        |
| Increased by:              |      |                 |                     |
| Sewer Rents Levied         |      |                 | <u>947,782.80</u>   |
|                            |      |                 | 1,040,728.00        |
| Decreased by:              |      |                 |                     |
| Collection                 | D-5  | \$ 965,067.05   |                     |
| Overpayments Applied       | D-11 | <u>6,946.57</u> |                     |
|                            | D-3  |                 | <u>972,013.62</u>   |
| Balance, December 31, 2017 | D    |                 | <u>\$ 68,714.38</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY OPERATING FUND

SCHEDULE OF APPROPRIATION RESERVES

|                                     | BALANCE<br>DECEMBER<br>31, 2016 | BALANCE<br>AFTER<br>TRANSFERS | PAID OR<br>CHARGED | BALANCE<br>LAPSED   |
|-------------------------------------|---------------------------------|-------------------------------|--------------------|---------------------|
| Operating                           |                                 |                               |                    |                     |
| Salaries and Wages                  | \$ 303.69                       | \$ 303.69                     | \$                 | \$ 303.69           |
| Other Expenses                      | 7,894.79                        | 7,894.79                      | 5,269.28           | 2,625.51            |
| Capital Improvements                |                                 |                               |                    |                     |
| Reserve for Emergency Repairs       | 57,267.40                       | 57,267.40                     |                    | 57,267.40           |
| Statutory Expenditures              |                                 |                               |                    |                     |
| Contribution to:                    |                                 |                               |                    |                     |
| Public Employees Retirement System  | 2,000.00                        | 2,000.00                      |                    | 2,000.00            |
| Social Security System (O.A.S.I.)   | 1,147.66                        | 1,147.66                      |                    | 1,147.66            |
| Unemployment Compensation Insurance | 1,199.95                        | 1,199.95                      |                    | 1,199.95            |
|                                     | <u>\$ 69,813.49</u>             | <u>\$ 69,813.49</u>           | <u>\$ 5,269.28</u> | <u>\$ 64,544.21</u> |

REF.

D-1

D-5

Appropriation Reserves - 2016  
Reserve for Encumbrances

D \$ 69,445.61

D-13 367.88

\$ 69,813.49

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

|  | <u>REF.</u> | <u>TOTAL<br/>(MEMO ONLY)</u> | <u>CURRENT<br/>FUND</u> | <u>WATER - SEWER<br/>CAPITAL<br/>FUND</u> | <u>PAYROLL<br/>FUND</u> |
|--|-------------|------------------------------|-------------------------|---|-------------------------|
| Balance, December 31, 2016 - Due From/(Due To) | D           | \$ (208,690.52)              | \$ (208,982.80)         | \$  | \$ 292.28               |
| Increased/Decreased by:                        |             |                              |                         |   |                         |
| Receipts                                       | D-5         | <u>555,625.33</u>            | <u>555,625.33</u>       | <u>0.00</u>                               | <u>292.28</u>           |
|  |             | <u>(764,315.85)</u>          | <u>(764,608.13)</u>     |   |                         |
| Decreased/Increased by:                        |             |                              |                         |   |                         |
| Disbursements                                  | D-5         | <u>836,596.36</u>            | <u>559,184.20</u>       | <u>277,412.06</u>                         | <u>0.10</u>             |
| Balance, December 31, 2017 - Due From/(Due To) | D           | <u>\$ 72,280.51</u>          | <u>\$ (205,423.93)</u>  | <u>\$ 277,412.06</u>                      | <u>\$ 292.38</u>        |

"D-11"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY OPERATING FUND  
SCHEDULE OF OVERPAYMENTS

|                                       | <u>REF.</u> |    |                  |
|---------------------------------------|-------------|----|------------------|
| Balance, December 31, 2016            | D           | \$ | 11,303.08        |
| Increased by:                         |             |    |                  |
| Receipts                              | D-5         |    | 13,172.31        |
|                                       |             |    | <u>24,475.39</u> |
| Decreased by:                         |             |    |                  |
| Application to Water Rents Receivable | D-7         | \$ | 4,356.51         |
| Application to Sewer Rents Receivable | D-8         |    | 6,946.57         |
|                                       |             |    | <u>11,303.08</u> |
| Balance, December 31, 2017            | D           | \$ | <u>13,172.31</u> |

"D-12"

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

|                              |     |    |                  |
|------------------------------|-----|----|------------------|
| Balance, December 31, 2016   | D   | \$ | 31,989.06        |
| Increased by:                |     |    |                  |
| Budget Appropriations for:   |     |    |                  |
| Interest on Bonds            |     | \$ | 17,342.50        |
| Interest on Notes            |     |    | 26,387.27        |
| Infrastructure Loan Interest |     |    | 35,789.41        |
|                              | D-4 |    | <u>79,519.18</u> |
|                              |     |    | 111,508.24       |
| Decreased by:                |     |    |                  |
| Interest Paid                | D-5 |    | <u>65,543.87</u> |
| Balance, December 31, 2017   | D   | \$ | <u>45,964.37</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|  | <u>REF.</u> | <u>OPERATING<br/>FUND</u> | <u>CAPITAL<br/>FUND</u>       |
|--|-------------|---------------------------|-------------------------------|
| Balance, December 31, 2016               | D           | \$ <u>367.88</u>          | \$ <u>67,490.00</u>           |
| Increased by:                            |             |                           |                               |
| Transfer from 2017 Budget Appropriations | D-4         | 9,171.49                  |                               |
| Transfer from Improvement Authorizations | D-20        | <u>          </u>         | <u>4,160,635.25</u>           |
|  |             | 9,539.37                  | 4,228,125.25                  |
| Decreased by:                            |             |                           |                               |
| Transfer to Appropriation Reserves       | D-9         | 367.88                    |                               |
| Transfer to Improvement Authorizations   | D-20        | <u>          </u>         | <u>67,490.00</u>              |
| Balance, December 31, 2017               | D           | \$ <u><u>9,171.49</u></u> | \$ <u><u>4,160,635.25</u></u> |

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

|  | BALANCE<br>DECEMBER<br><u>31, 2016</u> | <u>ADDITIONS</u><br><u>ORDINANCE</u> | BALANCE<br>DECEMBER<br><u>31, 2017</u> |
|--|--|--------------------------------------|--|
| Land   | \$ 2,700.00                            | \$                                   | \$ 2,700.00                            |
| Water Plant, Pump Station and Equipment  | 167,567.12                             |                                      | 167,567.12                             |
| Springs and Well Structure   | 148,831.46                             |                                      | 148,831.46                             |
| Infrastructure, Distribution Mains and Equipment                                   | 7,930,835.82                           |                                      | 7,930,835.82                           |
| Sewer Plant, Pump Station and Equipment  | 252,808.11                             |                                      | 252,808.11                             |
| General Structures   | 76,120.08                              |                                      | 76,120.08                              |
| Engineering, Organization and Interest   | 11,940.30                              |                                      | 11,940.30                              |
| Fire Hydrant   | 3,592.34                               |                                      | 3,592.34                               |
| Meter & Meter Accessories  | 153,175.62                             |                                      | 153,175.62                             |
| Elevated Tank  | 97,750.00                              |                                      | 97,750.00                              |
| Other Equipment  | 180,545.98                             |                                      | 180,545.98                             |
| Water/Sewer Infrastructure Upgrades<br>02/25/08                                    | 150,000.00                             |                                      | 150,000.00                             |
| Water/Sewer Infrastructure Upgrades<br>05/27/08                                    | 1,209,413.57                           | 13,921.79                            | 1,223,335.36                           |
| Water/Sewer Infrastructure Upgrades<br>05/27/08                                    | 805,466.23                             |                                      | 805,466.23                             |
| Water/Sewer Infrastructure Upgrades<br>07/28/09                                    | 400,000.00                             |                                      | 400,000.00                             |
| 2013 Budget Appropriation  | 47,775.50                              |                                      | 47,775.50                              |
| Water Utility Improvements and Other<br>Related Expenses<br>2013-04                | 267,480.45                             | 14,683.11                            | 282,163.56                             |
| 2014 Budget Appropriation  | 38,078.00                              |                                      | 38,078.00                              |
| Water and Sewer Utility Infrastructure Upgrades<br>and Related Expenses<br>2014-02 | 414,921.66                             | 1,232.10                             | 416,153.76                             |
| Water Utility Improvements and Other<br>Related Expenses<br>2015-13                | 73,015.17                              |                                      | 73,015.17                              |
| Water and Sewer Utility Improvements<br>and Other Related Expenses<br>2015-15      | 448,593.34                             | 33,525.47                            | 482,118.81                             |
| Water and Sewer Utility Improvements<br>and Other Related Expenses<br>2015-17      | 125,328.49                             | 6,113.41                             | 131,441.90                             |
| Various Water Utility Improvements<br>2016-20                                      | 81,202.01                              | 2,342,331.12                         | 2,423,533.13                           |
| Various Sewer Utility Improvements<br>2016-21                                      | 111,709.57                             | 2,349,659.55                         | 2,461,369.12                           |
|  | <u>\$ 13,198,850.82</u>                | <u>\$ 4,761,466.55</u>               | <u>\$ 17,960,317.37</u>                |

REF.

D

D-15

D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| DATE OR<br>ORDINANCE<br>NUMBER | IMPROVEMENT DESCRIPTION   | ORDINANCE |                 | BALANCE<br>DECEMBER<br>31, 2016 | COSTS TO<br>FIXED<br>CAPITAL | AUTHORIZATIONS<br>CANCELLED | BALANCE<br>DECEMBER<br>31, 2017 |
|--------------------------------|---|-----------|-----------------|---------------------------------|------------------------------|-----------------------------|---------------------------------|
|                                |   | DATE      | AMOUNT          |                                 |                              |                             |                                 |
| 05/27/08                       | Water/Sewer Infrastructure Upgrades                                     | 05/27/08  | \$ 1,350,000.00 | \$ 140,586.43                   | \$ 13,921.79                 | \$ 126,664.64               | \$                              |
| 05/27/08                       | Water/Sewer Infrastructure Upgrades                                     | 05/27/08  | 850,000.00      | 44,533.77                       |                              | 44,533.77                   |                                 |
| 2013-04                        | Water Utility Improvements and Other<br>Related Expenses                | 03/26/13  | 325,000.00      | 57,519.55                       | 14,683.11                    |                             | 42,836.44                       |
| 2014-02                        | Water and Sewer Utility Infrastructure Upgrades<br>and Related Expenses | 04/22/14  | 500,000.00      | 85,078.34                       | 1,232.10                     |                             | 83,846.24                       |
| 2015-13                        | Water Utility Improvements and Other<br>Related Expenses                | 06/23/15  | 350,000.00      | 276,984.83                      |                              |                             | 276,984.83                      |
| 2015-15                        | Water and Sewer Utility Improvements<br>and Other Related Expenses      | 08/25/15  | 563,500.00      | 114,906.66                      | 33,525.47                    |                             | 81,381.19                       |
| 2015-17                        | Water and Sewer Utility Improvements<br>and Other Related Expenses      | 11/24/15  | 400,000.00      | 274,671.51                      | 6,113.41                     |                             | 268,558.10                      |
| 2016-20                        | Various Water Utility Improvements                                      | 08/23/16  | 3,500,000.00    | 3,418,797.99                    | 2,342,331.12                 |                             | 1,076,466.87                    |
| 2016-21                        | Various Sewer Utility Improvements                                      | 08/23/16  | 4,400,000.00    | 4,288,290.43                    | 2,349,659.55                 |                             | 1,938,630.88                    |
|                                |   |           |                 | <u>\$ 8,701,369.51</u>          | <u>\$ 4,761,466.55</u>       | <u>\$ 171,198.41</u>        | <u>\$ 3,768,704.55</u>          |

REF.

D

D-14

D-20

D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF INTERFUNDS

|  | <u>REF.</u> | <u>TOTAL<br/>(MEMO ONLY)</u> | <u>CURRENT<br/>FUND</u> | <u>GENERAL<br/>CAPITAL<br/>FUND</u> | <u>WATER - SEWER<br/>OPERATING<br/>FUND</u> |
|--|-------------|------------------------------|-------------------------|-------------------------------------|---|
| Decreased by:                                |             |                              |                         |                                     |   |
| Receipts                                     | D-5         | \$ 3,487,905.06              | \$ 751,993.00           | \$ 2,458,500.00                     | \$ 277,412.06                               |
|  |             | (3,487,905.06)               | (751,993.00)            | (2,458,500.00)                      | (277,412.06)                                |
| Decreased/Increased by:                      |             |                              |                         |                                     |   |
| Disbursements                                | D-5         | 3,535,210.32                 | 501,993.00              | 3,033,217.32                        |   |
| Balance December 31, 2017- Due From/(Due To) | D           | \$ 47,305.26                 | \$ (250,000.00)         | \$ 574,717.32                       | \$ (277,412.06)                             |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF SERIAL BONDS PAYABLE

|               | DATE OF ISSUE | ORIGINAL ISSUE  | MATURITIES OF BONDS OUTSTANDING DEC. 31, 2017 |               | INTEREST RATE | BALANCE DECEMBER 31, 2016 | INCREASED       | DECREASED       | BALANCE DECEMBER 31, 2017 |
|---------------|---------------|-----------------|---|---------------|---------------|---------------------------|-----------------|-----------------|---------------------------|
|               |               |                 | DATE  | AMOUNT        |               |                           |                 |                 |                           |
| Utility Bonds | 12/01/04      | \$ 2,405,000.00 | 05/01/18                                      | \$ 185,000.00 | 3.800%        | \$                        | \$              | \$              |                           |
|               |               |                 | 05/01/19                                      | 200,000.00    | 4.000%        | 570,000.00                |                 |                 |                           |
| Series 2017B  | 09/21/17      | 2,083,000.00    | 09/15/18                                      | 62,000.00     | 3.000%        |                           | 185,000.00      | 385,000.00      |                           |
|               |               |                 | 09/15/19                                      | 61,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/20                                      | 90,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/21-22                                   | 95,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/23-25                                   | 100,000.00    | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/26-27                                   | 105,000.00    | 2.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/28                                      | 105,000.00    | 2.125%        |                           |                 |                 |                           |
|               |               |                 | 09/15/29                                      | 115,000.00    | 2.250%        |                           |                 |                 |                           |
|               |               |                 | 09/15/30                                      | 115,000.00    | 3.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/31-36                                   | 120,000.00    | 3.000%        |                           | 2,083,000.00    | 2,083,000.00    |                           |
| Series 2017D  | 09/21/17      | 895,000.00      | 09/15/37                                      | 115,000.00    | 3.125%        |                           |                 |                 |                           |
|               |               |                 | 09/15/18-21                                   | 35,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/22-23                                   | 40,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/24-25                                   | 45,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/26                                      | 50,000.00     | 4.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/27                                      | 50,000.00     | 3.000%        |                           |                 |                 |                           |
|               |               |                 | 09/15/28                                      | 50,000.00     | 3.100%        |                           |                 |                 |                           |
|               |               |                 | 09/15/29                                      | 55,000.00     | 3.200%        |                           |                 |                 |                           |
|               |               |                 | 09/15/30                                      | 55,000.00     | 3.250%        |                           |                 |                 |                           |
|               |               |                 | 09/15/31                                      | 60,000.00     | 3.300%        |                           |                 |                 |                           |
|               |               |                 | 09/15/32                                      | 60,000.00     | 3.350%        |                           |                 |                 |                           |
|               |               |                 | 09/15/33                                      | 65,000.00     | 3.400%        |                           |                 |                 |                           |
|               |               |                 | 09/15/34                                      | 70,000.00     | 3.450%        |                           |                 |                 |                           |
|               |               |                 | 09/15/35                                      | 70,000.00     | 3.500%        |                           | 895,000.00      | 895,000.00      |                           |
|               |               |                 |   |               |               | \$ 570,000.00             | \$ 2,978,000.00 | \$ 3,363,000.00 |                           |

REF

D

D-5

D-22

D

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| DATE OR ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION   | DATE OF ORIGINAL ISSUE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE DECEMBER 31, 2016 | DECREASED       | BALANCE DECEMBER 31, 2017 |
|--------------------------|---|------------------------|---------------|------------------|---------------|---------------------------|-----------------|---------------------------|
| Various                  | Water/Sewer Infrastructure Upgrades                             | 12/20/07               | 12/31/16      | 12/31/17         | 0.0000%       | \$ 109,757.00             | \$ 109,757.00   | \$                        |
| Various                  | Upgrade & Refurbishing W/S System                               | 12/31/09               | 12/31/17      | 12/31/18         | 0.0000%       | 40,026.00                 | 13,343.00       | 26,683.00                 |
| 09/15/05                 | Purchase of 4WD Utility Truck                                   | 12/31/09               | 12/31/17      | 12/31/18         | 0.0000%       | 8,874.00                  | 2,959.00        | 5,915.00                  |
| 02/21/06                 | Water/Sewer Infrastructure Upgrades                             | 12/31/09               | 12/31/17      | 12/31/18         | 0.0000%       | 180,461.00                | 18,102.00       | 162,359.00                |
| 05/27/08                 | Water/Sewer Infrastructure Upgrades                             | 12/31/13               | 12/31/17      | 12/31/18         | 0.0000%       | 24,500.00                 | 3,500.00        | 21,000.00                 |
| 02/21/06                 | Water/Sewer Infrastructure Upgrades                             | 09/24/14               | 09/22/16      | 09/22/17         | 1.4000%       | 44,000.00                 | 44,000.00       |                           |
| 02/25/08                 | Water/Sewer Infrastructure Upgrades                             | 09/24/14               | 09/22/16      | 09/22/17         | 1.4000%       | 142,000.00                | 142,000.00      |                           |
| 05/27/08                 | Water/Sewer Infrastructure Upgrades                             | 09/24/14               | 09/22/16      | 09/22/17         | 1.4000%       | 54,000.00                 | 54,000.00       |                           |
| 07/28/09                 | Water/Sewer Infrastructure Upgrades                             | 09/24/14               | 09/22/16      | 09/22/17         | 1.4000%       | 380,000.00                | 380,000.00      |                           |
| 2013-04                  | Water Utility Improvements and Other Related Expenses           | 09/24/14               | 09/22/16      | 09/22/17         | 1.5000%       | 325,000.00                | 325,000.00      |                           |
| 2014-02                  | Water/Sewer Infrastructure Upgrades                             | 09/24/14               | 09/22/16      | 09/22/17         | 1.5000%       | 475,000.00                | 475,000.00      |                           |
| 2015-13                  | Water Utility Improvements and Other Related Expenses           | 10/29/15               | 09/22/16      | 09/22/17         | 1.5000%       | 350,000.00                | 350,000.00      |                           |
| 2015-15                  | Water and Sewer Utility Improvements and Other Related Expenses | 10/29/15               | 09/22/16      | 09/22/17         | 1.5000%       | 563,500.00                | 563,500.00      |                           |
| 2015-17                  | Water and Sewer Utility Improvements and Other Related Expenses | 09/22/16               | 09/22/16      | 09/22/17         | 1.5000%       | 125,000.00                | 125,000.00      |                           |
|                          |   |                        |               |                  |               | \$ 2,822,118.00           | \$ 2,606,161.00 | \$ 215,957.00             |
|                          |   |                        |               |                  | REF.          | D                         | D               | D                         |
|                          | Paid from Bond Funds  |                        |               |                  | D-5           | \$                        | 2,458,500.00    |                           |
|                          | Paid by Budget Appropriation                                    |                        |               |                  | D-22          |                           | 147,661.00      |                           |
|                          |   |                        |               |                  |               | \$                        | 2,606,161.00    |                           |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY INFRASTRUCTURE LOANS PAYABLE

| <u>PURPOSE</u>   | <u>DATE OF ISSUE</u> | <u>MATURITIES OF LOANS OUTSTANDING</u> | <u>INTEREST RATE</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2016</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|--|----------------------|--|----------------------|-------------|---------------|------------------|----------------------------------|----------------------------------|
|  |                      |  |                      |             |               |                  |                                  |                                  |
| New Jersey Environmental Infrastructure Trust - 1999       | 10/15/99             | See D-19 - Sheet 2                     | Various              |             |               | \$ 132,355.92    | \$ 411,083.47                    | \$ 278,727.55                    |
| New Jersey Environmental Infrastructure Trust - 2008A (CW) | 06/20/08             | See D-19 - Sheet 3                     | Various              |             |               | 30,084.86        | 317,340.32                       | 287,255.46                       |
| New Jersey Environmental Infrastructure Trust - 2008A (DW) | 06/20/08             | See D-19 - Sheet 4                     | Various              |             |               | 52,971.62        | 713,962.56                       | 660,990.94                       |
|  |                      |  |                      |             |               |                  | <u>\$ 1,442,386.35</u>           | <u>\$ 1,226,973.95</u>           |
|  |                      |  | <u>REF.</u>          |             |               |                  | D                                | D                                |
|  |                      |  |                      |             |               |                  | D-22                             | D                                |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$2,181,421 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 1999

| <u>DUE</u>   | <u>LOAN<br/>BALANCE</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>     | <u>PAYMENT</u>       |
|--------------|-------------------------|----------------------|---------------------|----------------------|
| 02/01/18     | \$ 278,727.55           | \$ 1,449.74          | \$ 4,100.52         | \$ 5,550.26          |
| 08/01/18     | 277,277.81              | 135,926.64           | 4,100.15            | 140,026.79           |
| 02/01/19     | 141,351.17              | (76.03)              | 2,097.97            | 2,021.94             |
| 08/01/19     | 141,427.20              | 141,427.21           | 2,097.98            | 143,525.19           |
|              |                         | <u>278,727.56</u>    | <u>12,396.62</u>    | <u>291,124.18</u>    |
| Rounding     |                         | (0.01)               |                     | (0.01)               |
| <u>TOTAL</u> |                         | <u>\$ 278,727.55</u> | <u>\$ 12,396.62</u> | <u>\$ 291,124.17</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$531,966 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (CW)

| <u>DUE</u>   | <u>LOAN<br/>BALANCE</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>     | <u>PAYMENT</u>       |
|--------------|-------------------------|----------------------|---------------------|----------------------|
| 02/01/18     | \$ 287,255.46           | \$ 2,899.80          | \$ 4,918.75         | \$ 7,818.55          |
| 08/01/18     | 284,355.66              | 26,742.91            | 4,918.75            | 31,661.66            |
| 02/01/19     | 257,612.75              | 2,678.72             | 4,543.75            | 7,222.47             |
| 08/01/19     | 254,934.03              | 26,521.83            | 4,543.75            | 31,065.58            |
| 02/01/20     | 228,412.20              | 2,446.59             | 4,150.00            | 6,596.59             |
| 08/01/20     | 225,965.61              | 26,289.70            | 4,150.00            | 30,439.70            |
| 02/01/21     | 199,675.91              | 2,203.40             | 3,737.50            | 5,940.90             |
| 08/01/21     | 197,472.51              | 26,046.51            | 3,737.50            | 29,784.01            |
| 02/01/22     | 171,426.00              | 1,960.22             | 3,325.00            | 5,285.22             |
| 08/01/22     | 169,465.78              | 25,803.33            | 3,325.00            | 29,128.33            |
| 02/01/23     | 143,662.45              | 1,717.03             | 2,912.50            | 4,629.53             |
| 08/01/23     | 141,945.42              | 25,560.14            | 2,912.50            | 28,472.64            |
| 02/01/24     | 116,385.28              | 1,473.85             | 2,500.00            | 3,973.85             |
| 08/01/24     | 114,911.43              | 33,264.66            | 2,500.00            | 35,764.66            |
| 02/01/25     | 81,646.77               | 1,179.08             | 2,000.00            | 3,179.08             |
| 08/01/25     | 80,467.69               | 20,467.69            | 2,000.00            | 22,467.69            |
| 02/01/26     | 60,000.00               |                      | 1,500.00            | 1,500.00             |
| 08/01/26     | 60,000.00               | 20,000.00            | 1,500.00            | 21,500.00            |
| 02/01/27     | 40,000.00               |                      | 1,000.00            | 1,000.00             |
| 08/01/27     | 40,000.00               | 20,000.00            | 1,000.00            | 21,000.00            |
| 02/01/28     | 20,000.00               |                      | 500.00              | 500.00               |
| 08/01/28     | 20,000.00               | 20,000.00            | 500.00              | 20,500.00            |
| <u>TOTAL</u> |                         | <u>\$ 287,255.46</u> | <u>\$ 62,175.00</u> | <u>\$ 349,430.46</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

MATURITY SCHEDULE \$1,121,068 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST - 2008A (DW)

| <u>DUE</u>   | <u>LOAN<br/>BALANCE</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>      | <u>PAYMENT</u>       |
|--------------|-------------------------|----------------------|----------------------|----------------------|
| 02/01/18     | \$ 660,990.94           | \$ 6,128.61          | \$ 10,237.50         | \$ 16,366.11         |
| 08/01/18     | 654,862.33              | 54,087.93            | 10,237.50            | 64,325.43            |
| 02/01/19     | 600,774.40              | 5,679.63             | 9,487.50             | 15,167.13            |
| 08/01/19     | 595,094.77              | 53,638.95            | 9,487.50             | 63,126.45            |
| 02/01/20     | 541,455.82              | 5,208.20             | 8,700.00             | 13,908.20            |
| 08/01/20     | 536,247.62              | 53,167.51            | 8,700.00             | 61,867.51            |
| 02/01/21     | 483,080.11              | 4,714.32             | 7,875.00             | 12,589.32            |
| 08/01/21     | 478,365.79              | 52,673.63            | 7,875.00             | 60,548.63            |
| 02/01/22     | 425,692.16              | 4,220.43             | 7,050.00             | 11,270.43            |
| 08/01/22     | 421,471.73              | 60,172.97            | 7,050.00             | 67,222.97            |
| 02/01/23     | 361,298.76              | 3,644.24             | 6,087.50             | 9,731.74             |
| 08/01/23     | 357,654.52              | 59,596.78            | 6,087.50             | 65,684.28            |
| 02/01/24     | 298,057.74              | 3,068.04             | 5,125.00             | 8,193.04             |
| 08/01/24     | 294,989.70              | 59,020.58            | 5,125.00             | 64,145.58            |
| 02/01/25     | 235,969.12              | 2,544.23             | 4,250.00             | 6,794.23             |
| 08/01/25     | 233,424.89              | 66,489.99            | 4,250.00             | 70,739.99            |
| 02/01/26     | 166,934.90              | 1,945.59             | 3,250.00             | 5,195.59             |
| 08/01/26     | 164,989.31              | 65,891.34            | 3,250.00             | 69,141.34            |
| 02/01/27     | 99,097.97               | 1,346.94             | 2,250.00             | 3,596.94             |
| 08/01/27     | 97,751.03               | 52,751.03            | 2,250.00             | 55,001.03            |
| 02/01/28     | 45,000.00               |                      | 1,125.00             | 1,125.00             |
| 08/01/28     | 45,000.00               | 45,000.00            | 1,125.00             | 46,125.00            |
| <u>TOTAL</u> |                         | <u>\$ 660,990.94</u> | <u>\$ 130,875.00</u> | <u>\$ 791,865.94</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| DATE OR ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION  | DATE     | ORDINANCE       | AMOUNT |                 | BALANCE DECEMBER 31, 2016 |                 | PAID OR CHARGED | AUTHORIZATIONS CANCELLED | BALANCE DECEMBER 31, 2017 |                 |
|--------------------------|--|----------|-----------------|--------|-----------------|---------------------------|-----------------|-----------------|--------------------------|---------------------------|-----------------|
|                          |  |          |                 |        |                 | FUNDED                    | UNFUNDED        |                 |                          | FUNDED                    | UNFUNDED        |
|                          | General Improvements:  |          |                 |        |                 |                           |                 |                 |                          |                           |                 |
| 05/27/08                 | Water/Sewer Infrastructure Upgrades                                  | 05/27/08 | \$ 1,350,000.00 | \$     | \$ 140,566.43   | \$                        | \$ 13,921.79    | \$ 126,664.64   | \$                       | \$                        | \$              |
| 05/27/08                 | Water/Sewer Infrastructure Upgrades                                  | 05/27/08 | 850,000.00      |        | 44,533.77       |                           |                 | 44,533.77       |                          |                           |                 |
| 2013-04                  | Water Utility Improvements and Other Related Expenses                | 03/26/13 | 325,000.00      |        | 57,519.55       |                           | 14,683.11       |                 |                          | 42,836.44                 |                 |
| 2014-02                  | Water and Sewer Utility Infrastructure Upgrades and Related Expenses | 04/22/14 | 500,000.00      |        | 85,078.34       |                           | 1,232.10        |                 |                          | 83,846.24                 |                 |
| 2015-13                  | Water Utility Improvements and Other Related Expenses                | 06/23/15 | 350,000.00      |        | 276,984.83      |                           |                 |                 |                          | 276,984.83                |                 |
| 2015-15                  | Water and Sewer Utility Improvements and Other Related Expenses      | 08/25/15 | 563,500.00      |        | 114,906.66      |                           | 33,525.47       |                 |                          | 81,381.19                 |                 |
| 2015-17                  | Water and Sewer Utility Improvements and Other Related Expenses      | 11/24/15 | 400,000.00      |        | 274,671.51      |                           | 6,113.41        |                 |                          | 238,558.10                |                 |
| 2016-20                  | Various Water Utility Improvements                                   | 08/23/16 | 3,500,000.00    |        | 3,418,797.99    |                           | 2,342,331.12    |                 |                          | 1,076,466.87              |                 |
| 2016-21                  | Various Sewer Utility Improvements                                   | 08/23/16 | 4,400,000.00    |        | 4,288,290.43    |                           | 2,349,659.55    |                 |                          | 1,938,630.88              |                 |
|                          |  |          |                 | \$     | \$ 8,701,369.51 | \$                        | \$ 4,761,466.55 | \$ 171,198.41   | \$                       | \$ 723,606.80             | \$ 3,045,097.75 |
|                          |  |          | REF.            |        | D               |                           |                 | D-15            |                          | D                         | D               |
|                          | Disbursements  |          | D-5             |        |                 | \$                        | \$ 668,321.30   |                 |                          |                           |                 |
|                          | Reserve for Encumbrances   |          | D-13            |        |                 |                           | 4,160,635.25    |                 |                          |                           |                 |
|                          | Reserve for Encumbrances   |          | D-13            |        |                 |                           | (67,490.00)     |                 |                          |                           |                 |
|                          |  |          |                 |        |                 | \$                        | \$ 4,761,466.55 |                 |                          |                           |                 |

"D-21"

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|                                    | <u>REF.</u> |                     |
|------------------------------------|-------------|---------------------|
| Balance December 31, 2016 and 2017 | D           | \$ <u>70,058.93</u> |

"D-22"

SCHEDULE OF RESERVE FOR AMORTIZATION

|  |      |                        |
|--|------|------------------------|
| Balance, December 31, 2016                       | D    | \$ 8,429,630.47        |
| Increased by:                                    |      |                        |
| Discount on Bond Anticipation Notes Payable      | D-5  | \$ 1,464.00            |
| Serial Bonds Paid by Operating Budget            | D-17 | 185,000.00             |
| Bond Anticipation Notes Paid by Operating Budget | D-18 | 147,661.00             |
| NJ EIT Loans Paid by Operating Budget            | D-19 | <u>215,412.40</u>      |
|  |      | <u>549,537.40</u>      |
|  |      | 8,979,167.87           |
| Decreased by:                                    |      |                        |
| Transfer to Deferred Reserve for Amortization    | D-23 | <u>723,606.80</u>      |
| Balance, December 31, 2017                       | D    | \$ <u>8,255,561.07</u> |

BOROUGH OF SHIP BOTTOM

WATER - SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| <u>DATE OR<br/>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>  | <u>DATE OF<br/>ORDINANCE</u> | <u>FROM/(TO)<br/>RESERVE FOR<br/>AMORTIZATION<br/>FIXED CAPITAL</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|---|---|------------------------------|---|--|
| 2013-04                                 | Water Utility Improvements and Other<br>Related Expenses                | 03/26/13                     | \$ 42,836.44  | \$ 42,836.44                             |
| 2014-02                                 | Water and Sewer Utility Infrastructure Upgrades<br>and Related Expenses | 04/22/14                     | 83,846.24   | 83,846.24                                |
| 2015-13                                 | Water Utility Improvements and Other<br>Related Expenses                | 06/23/15                     | 276,984.83  | 276,984.83                               |
| 2015-15                                 | Water and Sewer Utility Improvements<br>and Other Related Expenses      | 08/25/15                     | 81,381.19   | 81,381.19                                |
| 2015-17                                 | Water and Sewer Utility Improvements<br>and Other Related Expenses      | 11/24/15                     | 238,558.10  | 238,558.10                               |
|   |   |                              | \$ 723,606.80   | \$ 723,606.80                            |
|   | <u>REF.</u>   |                              | D-22  | D  |

BOROUGH OF SHIP BOTTOM  
WATER - SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED  
BUT NOT ISSUED

| <u>DATE OR<br/>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>                                     | <u>BALANCE<br/>DECEMBER<br/>31, 2017</u> |
|---|--|--|
| 05/27/08                                | Water/Sewer Infrastructure Upgrades                                | \$ 13,922.36                             |
| 05/27/08                                | Water/Sewer Infrastructure Upgrades                                | 0.74                                     |
| 2015-17                                 | Water and Sewer Utility Improvements<br>and Other Related Expenses | 30,000.00                                |
| 2016-20                                 | Various Water Utility Improvements                                 | 3,500,000.00                             |
| 2016-21                                 | Various Sewer Utility Improvements                                 | 4,400,000.00                             |
|   |  | <u>\$ 7,943,923.10</u>                   |

REF.

D

BOROUGH OF SHIP BOTTOM

PART II

STATISTICAL DATA

OFFICIALS IN OFFICE AND SURETY BONDS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - CURRENT FUND**

|   | <u>YEAR 2017</u>       |                | <u>YEAR 2016</u>       |                |
|---|------------------------|----------------|------------------------|----------------|
|   | <u>AMOUNT</u>          | <u>%</u>       | <u>AMOUNT</u>          | <u>%</u>       |
| <b><u>REVENUE AND OTHER INCOME REALIZED</u></b>       |                        |                |                        |                |
| Fund Balance Utilized                                 | \$ 1,202,823.00        | 6.71%          | \$ 1,125,000.00        | 6.81%          |
| Miscellaneous-From Other Than Local                   |                        |                |                        |                |
| Property Tax Levies                                   | 3,524,142.95           | 19.67%         | 2,606,918.77           | 15.80%         |
| Collection of Delinquent Taxes and<br>Tax Title Liens | 252,477.82             | 1.40%          | 316,062.01             | 1.92%          |
| Collection of Current Tax Levy                        | <u>12,937,327.20</u>   | <u>72.21%</u>  | <u>12,456,020.73</u>   | <u>75.47%</u>  |
| <b><u>TOTAL INCOME</u></b>                            | <u>17,916,770.97</u>   | <u>100.00%</u> | <u>16,504,001.51</u>   | <u>100.00%</u> |
| <b><u>EXPENDITURES</u></b>                            |                        |                |                        |                |
| Budget Expenditures:                                  |                        |                |                        |                |
| Municipal Purposes                                    | 6,814,153.75           | 43.54%         | 6,850,831.41           | 44.89%         |
| County Taxes  | 5,285,698.56           | 33.77%         | 5,132,164.08           | 33.63%         |
| Local District School Taxes                           | 583,415.00             | 3.73%          | 537,580.00             | 3.52%          |
| Regional School District Taxes                        | 2,719,129.00           | 17.37%         | 2,481,767.00           | 16.26%         |
| Other Expenditures                                    | <u>248,551.04</u>      | <u>1.60%</u>   | <u>258,537.78</u>      | <u>1.69%</u>   |
| <b><u>TOTAL EXPENDITURES</u></b>                      | <u>15,650,947.35</u>   | <u>100.00%</u> | <u>15,260,880.27</u>   | <u>100.00%</u> |
| Excess in Revenue                                     | 2,265,823.62           |                | 1,243,121.24           |                |
| Fund Balance, January 1                               | <u>2,597,839.55</u>    |                | <u>2,479,718.31</u>    |                |
|   | 4,863,663.17           |                | 3,722,839.55           |                |
| Less: Utilization as Anticipated Revenue              | <u>1,202,823.00</u>    |                | <u>1,125,000.00</u>    |                |
| Fund Balance, December 31                             | <u>\$ 3,660,840.17</u> |                | <u>\$ 2,597,839.55</u> |                |

**COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - WATER - SEWER UTILITY FUND**

|   | <u>YEAR 2017</u>     |                | <u>YEAR 2016</u>     |                |
|---|----------------------|----------------|----------------------|----------------|
|   | <u>AMOUNT</u>        | <u>%</u>       | <u>AMOUNT</u>        | <u>%</u>       |
| <b><u>REVENUE AND OTHER INCOME REALIZED</u></b>   |                      |                |                      |                |
| Fund Balance Utilized                             | \$ 208,498.00        | 9.89%          | \$ 51,041.19         | 2.68%          |
| Collection of Water - Sewer Rents                 | 1,762,705.37         | 83.57%         | 1,644,266.90         | 86.27%         |
| Miscellaneous - Other Than Water -<br>Sewer Rents | <u>138,030.46</u>    | <u>6.54%</u>   | <u>210,614.97</u>    | <u>11.05%</u>  |
| <b><u>TOTAL INCOME</u></b>                        | <u>2,109,233.83</u>  | <u>100.00%</u> | <u>1,905,923.06</u>  | <u>100.00%</u> |
| <b><u>EXPENDITURES</u></b>                        |                      |                |                      |                |
| Budget Expenditures:                              |                      |                |                      |                |
| Operating   | 1,295,200.00         | 66.43%         | 970,000.00           | 51.06%         |
| Capital Improvements                              |                      | 0.01%          | 70,000.00            | 3.68%          |
| Debt Service                                      | 627,592.58           | 32.19%         | 624,515.02           | 32.87%         |
| Deferred Charges and Statutory<br>Expenditures    | <u>26,915.00</u>     | <u>1.38%</u>   | <u>235,196.06</u>    | <u>12.38%</u>  |
| <b><u>TOTAL EXPENDITURES</u></b>                  | <u>1,949,707.58</u>  | <u>100.00%</u> | <u>1,899,711.08</u>  | <u>100.00%</u> |
| Excess in Revenue                                 | 159,526.25           |                | 6,211.98             |                |
| Fund Balance, January 1                           | <u>214,580.14</u>    |                | <u>259,409.35</u>    |                |
|   | 374,106.39           |                | 265,621.33           |                |
| Less: Utilization as Anticipated Revenue          | <u>208,498.00</u>    |                | <u>51,041.19</u>     |                |
| Fund Balance, December 31                         | <u>\$ 165,608.39</u> |                | <u>\$ 214,580.14</u> |                |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

|                          | <u>2017*</u>    | <u>2016</u>     | <u>2015</u>     |
|--------------------------|-----------------|-----------------|-----------------|
| Tax Rate                 | \$ <u>0.991</u> | \$ <u>1.107</u> | \$ <u>1.080</u> |
| Appointment of Tax Rate: |                 |                 |                 |
| Municipal                | .340            | .393            | .393            |
| County                   | .399            | .449            | .440            |
| Local School             | .044            | .047            | .041            |
| Regional School          | .208            | .218            | .206            |

Assessed Valuation:

|            |                            |                            |                            |
|------------|----------------------------|----------------------------|----------------------------|
| Year 2017* | \$ <u>1,312,325,987.00</u> |                            |                            |
| Year 2016  |                            | \$ <u>1,135,827,126.00</u> |                            |
| Year 2015  |                            |                            | \$ <u>1,120,441,469.00</u> |

\* Revaluation/Reassessment

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>YEAR</u> | <u>TAX LEVY</u> | <u>CURRENTLY</u>        |                                 |
|-------------|-----------------|-------------------------|---------------------------------|
|             |                 | <u>CASH COLLECTIONS</u> | <u>PERCENTAGE OF COLLECTION</u> |
| 2017        | \$13,147,115.45 | \$12,937,327.20         | 98.40%                          |
| 2016        | 12,685,701.10   | 12,456,020.73           | 98.18%                          |
| 2015        | 12,236,659.60   | 11,878,807.63           | 97.07%                          |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>DECEMBER<br/>31, YEAR</u> | <u>AMOUNT OF<br/>TAX TITLE<br/>LIENS</u> | <u>AMOUNT OF<br/>DELINQUENT<br/>TAXES</u> | <u>TOTAL<br/>DELINQUENT</u> | <u>PERCENTAGE<br/>OF TAX<br/>LEVY</u> |
|------------------------------|--|---|-----------------------------|---------------------------------------|
| 2017                         | \$                                       | \$186,828.25                              | \$186,828.25                | 1.42%                                 |
| 2016                         |  | 250,198.94                                | 250,198.94                  | 1.97%                                 |
| 2015                         |  | 324,857.08                                | 324,857.08                  | 2.65%                                 |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|
| 2017        | \$82,610.00   |
| 2016        | 82,610.00     |
| 2015        | 82,610.00     |

COMPARISON OF WATER UTILITY LEVIES

| <u>YEAR</u> | <u>LEVY</u> | <u>CASH<br/>COLLECTION</u> |
|-------------|-------------|----------------------------|
| 2017        | \$771,267   | \$790,692*                 |
| 2016        | 774,213     | 729,154*                   |
| 2015        | 567,468     | 580,942*                   |

COMPARISON OF SEWER UTILITY LEVIES

| <u>YEAR</u> | <u>LEVY</u> | <u>CASH<br/>COLLECTION</u> |
|-------------|-------------|----------------------------|
| 2016        | \$947,783   | \$972,014*                 |
| 2016        | 961,089     | 915,113*                   |
| 2015        | 847,080     | 874,251*                   |

\* Includes collection of prior year's levies

COMPARATIVE SCHEDULE OF FUND BALANCES

|                                    | <u>YEAR</u> |    | <u>BALANCE<br/>DECEMBER 31</u> |    | <u>UTILIZED IN BUDGET<br/>OF SUCCEEDING<br/>YEAR</u> |
|------------------------------------|-------------|----|--------------------------------|----|--|
| Current Fund                       | 2017        | \$ | 3,660,840.17                   | \$ | 1,732,450.00   |
|                                    | 2016        |    | 2,597,839.55                   |    | 1,202,823.00   |
|                                    | 2015        |    | 2,479,718.31                   |    | 1,125,000.00   |
|                                    | 2014        |    | 1,938,130.96                   |    | 1,087,500.00   |
|                                    | 2013        |    | 1,172,776.68                   |    | 1,011,250.00   |
| Water-Sewer Utility Operating Fund | 2017        | \$ | 165,608.39                     | \$ | 160,900.00   |
|                                    | 2016        |    | 214,580.14                     |    | 208,498.00   |
|                                    | 2015        |    | 259,409.35                     |    | 51,041.19  |
|                                    | 2014        |    | 368,968.52                     |    | 342,175.00   |
|                                    | 2013        |    | 441,455.26                     |    | 424,000.00   |

EQUALIZED VALUATIONS – REAL PROPERTY

| <u>YEAR</u> |    | <u>AMOUNT</u>    |
|-------------|----|------------------|
| 2017        | \$ | 1,290,463,017.00 |
| 2016        |    | 1,266,901,272.00 |
| 2015        |    | 1,238,678,682.00 |

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>NAME</u>               | <u>TITLE</u>   | <u>AMOUNT OF BOND</u> | <u>NAME OF SURETY</u> |
|---------------------------|--|-----------------------|-----------------------|
| William Huelsenbeck       | Mayor  | *                     |                       |
| Edward English            | Council President  | *                     |                       |
| Robert J. Butkus          | Councilman   | *                     |                       |
| David Hartman             | Councilman   | *                     |                       |
| Peter Rossi Sr.           | Councilman   | *                     |                       |
| Tom Tallon                | Councilman   | *                     |                       |
| Joseph Valyo              | Councilman   | *                     |                       |
| Mark A. Pino              | Administrator  | *                     |                       |
| Kathleen Wells            | BoroughClerk<br>Registrar of Vital Statistics<br>Assessment Search Officer | *                     |                       |
| Kathleen Flanagan         | Chief Financial Officer  | \$1,000,000.00        | MEL/JIF               |
| Dawn Annarumma            | Tax Collector/Tax Search Officer   | \$1,000,000.00        | MEL/JIF               |
| Dawn Annarumma            | Water - Sewer Collector  | \$1,000,000.00        | MEL/JIF               |
| James A. Liguori          | Municipal Court Judge  | \$1,000,000.00        | MEL/JIF               |
| Karen M. Garcia           | Municipal Court Administrator  | \$1,000,000.00        | MEL/JIF               |
| Christopher J. Connors    | Attorney   |                       |                       |
| Owen, Little & Associates | Engineer   |                       |                       |

\*Borough employees, other than the Chief Financial Officer, Tax/Utility Collectors, Judge and Court Administrator, were covered by blanket bonds of the Municipal Excess Liability and Joint Insurance Funds for a total amount of \$1,000,000.00.

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COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-4

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate, the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 Ch. 198 (40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has set its bid threshold at \$40,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Borough Counsel's opinion should be sought before a commitment is made.

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

2017 Water/Sewer Main Replacement Project  
2017 Emergency Water/Sewer Repairs

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

Our examination of expenditures did not reveal any individual payments or contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4

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

Attorney  
Appraisal Services  
Auditor  
Bond Counsel  
Engineer  
Financial Advisor  
Labor Counsel  
Municipal Prosecutor  
Public Defender  
Special Legal Counsel

GENERAL COMMENTS (CONTINUED)

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

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

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND WATER-SEWER RENTS

The Statutes provide the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes, assessments or water-sewer rents on or before the date when they would become delinquent.

The governing body on January 3, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and water-sewer rents:

"BE IT RESOLVED that the governing body of the Borough of Ship Bottom set the rate of interest to be charged on delinquent taxes, assessments and water-sewer accounts at 8% per annum on the first \$ 1,500 of the delinquency and 18% per annum on any amount in excess of \$ 1,500 and 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year. A 10 day grace period shall be permitted as provided by N.J.S.A. 54:4-67."

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

DELINQUENT TAXES AND TAX TITLE LIENS

The following is a comparison of the number of tax title liens receivable on December 31<sup>st</sup> of the last three years:

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2017        | 0                      |
| 2016        | 0                      |
| 2015        | 0                      |

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

GENERAL COMMENTS (CONTINUED)

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

| <u>TYPE</u>                                 | <u>NUMBER MAILED</u> |
|---|----------------------|
| Payment of 2017 Taxes                       | 50                   |
| Payment of 2017 Water - Sewer Utility Rents | 50                   |
| Delinquent Taxes                            | 30                   |
| Delinquent Water - Sewer Utility Rents      | 20                   |

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

MISCELLANEOUS

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

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

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

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

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

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

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

## FOLLOW-UP OF PRIOR YEAR FINDINGS

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

A corrective action plan addressing the 2016 audit recommendations was approved by the Governing Body on July 25, 2017. Upon adoption and implementation, the findings have been resolved.

## CURRENT YEAR FINDINGS

17-01 Finding - Interfund receivables and payables appear on the balance sheets of the various funds as of December 31.

Criteria - Interfunds have an effect on cash flow and with respect to the current fund, interfund receivables impact upon the amount of fund balance that can be utilized in a budget cycle.

## RECOMMENDATIONS

That all interfunds, where practicable be liquidated prior to year-end.